

**GUN vs. JORDACHE
SEX, VIOLENCE
AND THE IRS**

NOVEMBER 16, 1987

THREE DOLLARS FIFTY CENTS

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Forbes

POST-CRASH INVESTMENT STRATEGIES

PICKING UP THE PIECES

Bargains among the 200 best small companies.

1929? or 1962? by Malcolm S. Forbes Jr.

Mutual funds that bucked the downtrend.

What next? Five Forbes columnists look ahead.

How The Forbes Four Hundred fared.

Is the market cheap?



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PICKING UP THE PIECES

NOVEMBER 16, 1987
VOLUME 140
NUMBER 11

THE EDITORIAL INDEX OF COMPANIES REFERRED TO IN THIS ISSUE IS ON PAGES 324 AND 325

24 Fact & Comment II

By Malcolm S. Forbes Jr.

Why the crash? How to avoid another Great Depression.

32 The Day The Brokers Picked Their Own Pockets

By Richard L. Stern and Allan Sloan

Trading programs were only part of a bigger problem.

34 Back In Sync?

By Edwin A. Finn Jr.

Bond yields and stock yields rarely get out of sync for long.

36 The Funds: Which Bucked The Downtrend?

By Laura R. Walbert

Where was the FORBES honor roll when the lights went out?

38 The Funds: Busy Signals

By Matthew Schiffrin

Discount brokers and no-load funds during a panic.

40 The Money Men: What's The Hurry?

By Richard Phalon

What smart people are doing with their cash now.

41 The Forbes Four Hundred: The Rich Got Poorer

By Peter Newcomb

How'd you like to lose a hundred million in a few days?

48 Make The Taxman Share The Losses

By William Baldwin

What to do with gains and losses.

54 Bearish On Stocks, Bullish On Bonds

By Ben Weberman

Why Dick Kelly likes the bond market.

194 The Best Small Companies In America: A List Of Opportunity?

By Peter Newcomb

The market values of this year's class of FORBES' 200 best small companies took a pounding, but won't forever.

311 The Columnists

FORBES columnists Weberman, Lee, Dreman, Fisher, Bladen and Hulbert assess the damage and the outlook.

322 Streetwalker

Stocks that looked good before, and still do.

COMPANIES

80 Burlington Northern

By James Cook

Does anyone have a better way to head off confrontation with its railroad unions?

100 Wyse Technology

By Kathleen K. Wiegner

An able plodder plots.

104 Nippon Life Insurance Co.

By John Heins

The U.S. market is nastier than Japan.

120 R.R. Donnelley & Sons Co.

By Jill Andresky

Glamorous margins.

130 Tosco Corp.

By Marc Beauchamp

What Larry Tisch sees.

136 Foodmaker, Inc.

By Ellen Paris

No more junk in the box.

142 Inland Steel Industries Inc.

By Charles Siler

A steelmaker in the vanguard.

167 Golden West Financial Corp.

By John Heins

Boring is better.

172 Union Special Corp.

By Jan Parr

Thanks be to the falling dollar.

180 Franklin Savings Association

By Jack Willoughby

Kansas' hedgeaholics.

DEPARTMENTS

- 6 Side Lines
- 8 Follow-Through
- 12 The Informer
- 14 Readers Say
- 17 Fact and Comment
- 22 Other Comments
- 327 Flashbacks
- 328 Thoughts

COLUMNISTS

- 311 Ben Weberman
- 312 Susan Lee
- 314 David Dreman
- 316 Kenneth L. Fisher
- 317 Ashby Bladen
- 320 Mark Hulbert

MONEY & INVESTMENTS

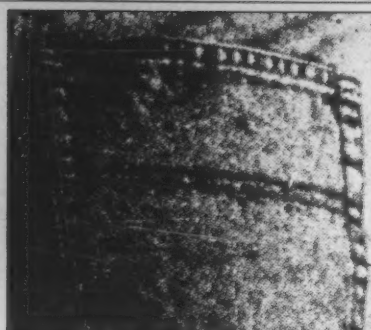
- 27 What's Ahead For Business
- 28 The Forbes Index
- 307 The Forbes/Wilshire 5000 Review



48. *Profiting from losses*



80 *Labor unrest*



146 *Money, sex and the IRS*

186 The Up & Comers: Bear Hug
By Claire Poole and
Jeffrey A. Trachtenberg
How big companies wreck little ones.

INTERNATIONAL

60 View From The Middle
By Edwin A. Finn Jr.
Is Brazil really ready to repay?

90 Korea Grows Up
By Andrew Tanzer
Strength from political unrest.

108 International Tea Party
By Pranay Gupta
Argentina's tea exporters move in.

TAXING MATTERS

124 You Can't Hide
By Laura Saunders
State tax collectors' dirty tricks.

NUMBERS GAME

65 Cracks In The Foundation
By Kathy Murray
Trying to control financial controls.

74 Unreal Accounting
By Subrata N. Chakravarty
Games with operating earnings.

INDUSTRIES

146 Fashion Apparel: Does Guess Have A Friend In The IRS?

By Richard Behar
Those steamy jeans ads are pale stuff compared with the fighting families. Who's using the IRS to harass whom?

184 Aerospace: Pratt's Problems
By Howard Banks
Pratt & Whitney's jet engine malaise.

258 Medicine: Lab Wildcatters
By Toni Mack
Is Houston's mammoth Texas Medical Center the key to a new economy?

INVESTING

113 The Funds: Reader Beware
By Ruth Simon
Newsletter writers often make lousy portfolio managers.

156 Every Risk Has Its Price
By Richard Greene
Prudential Insurance likes risk.

162 Watching For Flameouts
By Kathleen K. Wiegner
Tough to pick high-tech winners.

EDUCATION

242 Why Johnny Drops Out
By Burr Leonard
A chat with James S. Coleman.

246 "This Isn't School"
By Barbara Kallen
John Katzman for the college bound.

MARKETING

262 Party Animal
By Kerry Hannon
Tupperware lives.

270 Marketing Muscle
By Lisa Gubernick
A bodybuilder's \$200 million empire.

TECHNOLOGY

274 Serendipity
By William Baldwin
Thermo Electron's successes.

282 Déjà Vu—Yet Again
By Jason Zweig
Ceramic auto engines, anyone?

286 The Feds Who Stole Christmas
By Zoran Lazarevic
Electronic toys you can't have.

PERSONAL AFFAIRS/CAREERS

290 Lured In
By Jeffrey A. Trachtenberg
Old lures may be too valuable to fish with. Also: Loose ends; Heartburn.

298 "We Enterprised It"
By Jan Parr
Richard Judy runs Miami International Airport as if he owns it.

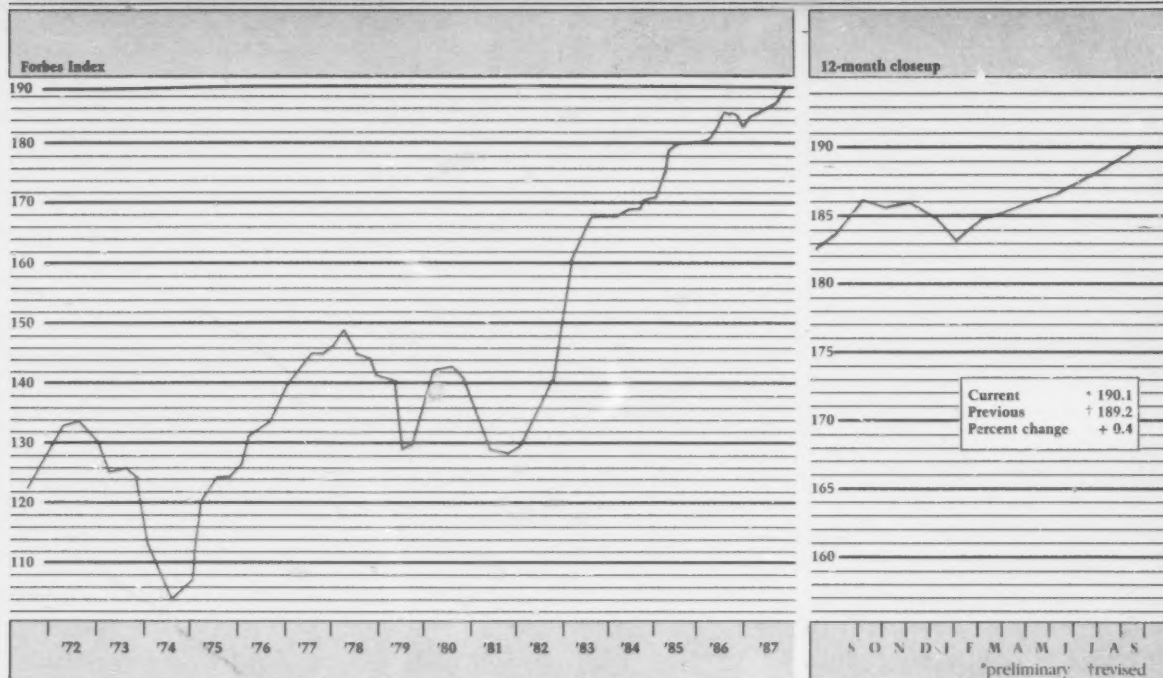
FACES BEHIND THE FIGURES

304 Joseph Folkl, stockbroker
304 Li Yumin, Bank of China
304 Harry Shaw, Huffy Corp.
305 Emanuel Gerard, investment analyst
305 Koichi Tsukamoto, Wacoal Corp.

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The Forbes Index



The economy, at least, hasn't crashed. For the eighth consecutive month industrial production posted an increase. But a 0.2% rise in September and a gain of 3.6% for the first nine months of this year have not made a large enough dent in the trade deficit, despite the weaker dollar. Wall Street's violent reaction to the trade and federal deficits threatens the current economic expansion. Retail

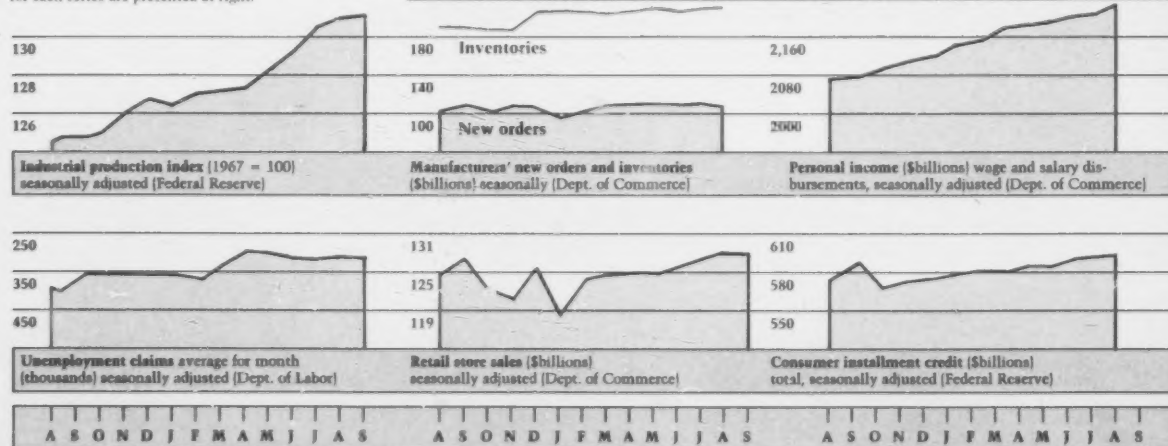
sales fell for the first time in four months, with a 0.4% setback in September, and the trailing 12-month total for new housing starts decreased 0.2%.

The overall economy doesn't look bad. New unemployment claims fell 3% for the six months ending in September. Strength in the job market coupled with the gain in industrial production pushed up the Forbes Index 0.4%.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



Where was the FORBES honor roll when the lights went out? Alas, fully invested for the most part.

Which funds lost the least?

By Laura R. Walbert

THE MUTUAL FUNDS that do the best in bull markets tend to do the worst in bear markets. That simple verity is at the core of the FORBES fund-rating system, which assigns separate grades for up markets and down markets. The theory is that—since markets go up as well as down—the wise long-term investor wants a fund that can do well in both kinds of markets.

How well did the system hold up? Passably well, although scarcely any stock funds escaped the recent crash. We measured the performance of the 271 rated open-end stock funds for which complete data were available for the first three weeks of October—that is, from the close Sept. 30 to the close Oct. 21, the Wednesday after Black Monday. In that three-week period the market, as measured by the S&P 500 average, was off a shade less than 20% (with dividends reinvested).

The ten funds that were rated A+ for down market performance in the annual fund survey (Sept. 7) averaged a decline of only 12.3%. Performance was progressively worse for each lower grade. Funds rated A in down markets averaged a 16.3% decline, well ahead of the market. Those rated F declined an average 21.9%.

How about the honor roll? There were 18 open-end funds that made this list in the recent survey. To get on, a fund had to earn a B or better in both up markets and down markets, while showing a high over-

all performance since 1976. Average performance for the honor roll: a so-so -20.2% from Sept. 30 to Oct. 21. Exactly half the honor rollers beat the market.

Funds that had been nervously sitting on cash for months were suddenly vindicated. Nicholas Fund, an honor roll fund with 27% of assets in cash at the end of September, did the best, down 13%. Pennsylvania Mutual was close behind with 30% cash and a 14% decline.

Among the underperformers: Fidelity's famed Magellan Fund. Tudor Fund, with a heavy position in cyclical stocks, lost 24% when economic worries pushed cyclical stocks down even further than most.

No one saw the 508-point drop coming. But Ralph Wanger, manager of Acorn Fund, down 18%, sees some comfort in the speed and severity of the debacle. "If you're going to have your leg amputated, taking it off an inch a day is no improvement," he says.

But there was a lot of pain all the same. Binkley Shorts, manager of the Over-the-Counter Securities Fund, down 13%, says, "I thought the 100-point drop on Friday was very healthy. I felt good and thought this would be a fine week." Pennsylvania Mutual manager Charles Royce, with \$700 million under management, bought \$25 million worth of stock between Monday and Wednesday. Wanger bought Stride-Rite and Cray Research. Says Wanger, "Cray was as high as 135 this year. I picked off some at 48. At 48 I'd sell my house and dog, lease out my wife and buy more Cray."

Actually, Monday was a fairly good day for Royce, Wanger and Shorts and the smallish companies they specialize in. The bears hadn't gotten around to the little stocks yet. "Monday I was gloating," says Shorts, "but Tuesday my market went to hell. It was sickening."

Shorts said he was appalled by the gaping spreads be-

tween bid and asked prices in the kind of stocks he buys. (Fund net asset values are calculated on bid prices.) Says Shorts, "Without an intermediary, it's difficult for buyers to find sellers. I would love to buy bushels of stocks at these prices, but I can't."

Nicholas bought May Department Stores and Humana at less than 10 times fiscal 1987 earnings (estimated in May's case). Melville Straus, the manager of Tudor Fund, bought high-quality, low-leverage stocks such as Squibb, Kmart, Eastman Kodak and Disney. Straus is already worrying that he will live to regret his prudence. He says he'd have bought more if he had had the nerve for it: "Unless this is 1929, they gave corporate America away on Tuesday. We're going to look back and say, 'Where were we? Why weren't we buying?'" ■

The honor roll

Performance ¹	UP	DOWN	Fund	Total return 9/30-10/21
B	B		Acorn Fund	-18.4%
B	A		Amcap Fund	-17.9
B	A+		American Capital Pace Fund	-23.7
A	B		Evergreen Fund	-17.7
A	A		Fidelity Destiny Portfolio I	-22.1
A+	A		Fidelity Magellan Fund	-22.0
A	A		Growth Fund of America	-19.3
A	B		Mass Capital Development Fund	-23.8
A	B		New England Growth Fund	-27.9
B	A+		Nicholas Fund	-13.2
B	A		Over-the-Counter Securities Fund ²	-13.3
B	A		Pennsylvania Mutual Fund	-13.6
A	F		Shearson Appreciation Fund	-17.4
B	B		Sigma Venture Shares	-24.0
A	B		Tudor Fund	-24.3
A+	B		Twentieth Century Select Investors ²	-22.9
B	B		United Vanguard Fund	-19.2
B	A		Value Line Leveraged Growth Inv	-23.1
Average				-20.2
¹ Ratings for 9/30/76 to 6/30/87. ² Source: fund.				Source: NASD

How the largest stock funds fared

Results of the 90 largest FORBES-rated open-end stock funds in the recent crash.

Performance ¹ UP DOWN	Fund	Total return 9/30-10/21
B	Acorn Fund	-18.4%
B	Affiliated Fund	-17.8
C	Alliance Fund	-23.3
B	Ancap Fund	-17.9
C	American Capital Comstock Fund	-25.6
A	American Capital Enterprise Fund	-22.8
B	American Capital Pace Fund	-23.7
D	American Mutual Fund	-11.5
B	Boston Co Capital Appreciation Fund	-17.8
F	Colonial Strategic Income-Diversified	-15.3
C	Decatur Fund-Series I	-14.6
C	Delaware Fund	-22.8
D	Dreyfus Fund	-16.6
A	Dreyfus Growth Opportunity Fund	-19.7
B	Dreyfus Leverage Fund	-22.5
C	Energy Fund	-18.4
A	Evergreen Fund	-17.7
C	Evergreen Total Return Fund	-9.6
A	Fidelity Destiny Portfolio I	-22.1
C	Fidelity Equity-Income Fund	-14.4
C	Fidelity Fund	-21.5
A+	Fidelity Fund	-22.0
D	Fidelity Fund	-14.0
C	Fidelity Fund	-24.1
C	Financial Industrial Fund	-22.0
D	Financial Industrial Income Fund	-16.8
D	Franklin Utilities Fund	-2.2
C	Fundamental Investors	-19.3
A	Growth Fund of America	-19.3
B	Guardian Mutual Fund	-18.5
B	IDS Equity Plus	-20.1
A+	IDS Growth Fund	-20.2
A	IDS New Dimensions Fund	-15.0
D	IDS Stock Fund	-16.7
C	Investment Company of America	-15.8
C	Janus Investment Fund	-13.6
F	Kemper Option Income Fund	-18.2
A	Keystone Custodian S-4	-26.5
C	Lehman Investors Fund	-19.2
B	Manhattan Fund	-23.2
A	Mass Capital Development Fund	-23.8
B	Mass Investors Growth Stock Fund	-21.9
C	Mass Investors Trust	-21.0
C	Merrill Lynch Basic Value Fund	-15.1
C	Merrill Lynch Capital Fund	-14.6

¹Ratings for 9/30/76 to 6/30/87. ²Source: fund.

Performance ¹ UP DOWN	Fund	Total return 9/30-10/21
D	Merrill Lynch Pacific Fund	-21.6%
C	Mutual Qualified Income Fund	-15.8
C	Mutual Shares Corp	-15.5
D	Nationwide Fund	-19.5
A	New England Growth Fund	-27.9
B	New Perspective Fund	-16.0
B	Nicholas Fund	-13.2
C	Oppenheimer Equity Income Fund	-12.8
A+	Oppenheimer Global Fund	-17.6
C	Oppenheimer Special Fund	-13.3
B	Partners Fund	-15.6
C	Pioneer Fund	-20.1
B	Pioneer II	-22.0
C	T Rowe Price Growth Stock Fund	-20.5
A	T Rowe Price International Stock Fund	-15.4
B	T Rowe Price New Horizons Fund	-23.4
D	Putnam Convertible Income-Growth	-16.8
C	Putnam Fund for Growth & Income	-17.8
C	Putnam International Equities Fund	-16.1
B	Putnam Investors Fund	-20.2
D	Putnam Option Income Trust	-20.8
A	Putnam Voyager Fund	-22.1
B	Scudder Capital Growth Fund	-23.3
B	Scudder Growth & Income Fund	-16.0
C	Scudder International Fund	-11.9
B	Seligman Common Stock Fund	-17.8
B	Seligman Growth Fund	-21.7
C	Sentinel Common Stock Fund	-17.1
D	Sequoia Fund	-10.1
A	Shearson Appreciation Fund	-17.4
D	Smith Barney-Income & Growth	-13.9
B	State Street Investment Corp	-19.7
A	Technology Fund	-23.0
C	Templeton Growth Fund	-16.7
C	Templeton World Fund	-17.0
A+	Twentieth Century Select Investors	-22.9 ²
C	United Accumulative Fund	-15.6
C	United Income Fund	-12.4
A	United Services-Gold Shares Fund	-7.4
B	United Vanguard Fund	-19.2
B	Value Line Leveraged Growth Inv	-23.1
B	Vanguard Index Trust	-19.7
C	Vanguard Windsor Fund	-12.7
B	Vanguard WL Morgan Growth Fund	-21.3
C	Washington Mutual Investors	-15.3

Source: NASD

Picking up the Pieces

Think you got clobbered? How'd you like to lose a hundred million in a few days? Members of The Forbes Four Hundred did.

The rich got poorer

By Peter Newcomb

IF YOU'RE STILL tabulating your paper losses, cheer up. You could be one of Forbes' 400 richest people in America (FORBES, Oct. 26).

Below, the 120 of The Forbes Four Hundred whose fortunes derive primarily from public companies. Some got off lightly. Seattle's Bill Gates went in with \$1.25 billion in Microsoft stock. On Oct. 23 it was worth \$1.06 billion. The McCaw brothers, also from Seattle, were less fortunate.

They owned \$1.26 billion in McCaw Cellular stock in September. Recently it was worth \$650 million. Rupert Murdoch took it in the neck. His News Corp. shares sank \$730 million.

To make The Forbes Four Hundred list this year required a minimum net worth of \$225 million. After the plunge, 38 of the people below—including Irwin Jacobs and Lew Wasserman—couldn't make the list.

Anybody who watches TV or reads newspapers knows that Wal-Mart's Sam Walton was down \$2.6 billion on

paper between the time we closed the books on The Forbes Four Hundred on Sept. 15 and Oct. 23. But he's still the richest man in the U.S.

Ross Perot is an old hand at taking paper losses. A few years back he was down \$1 billion when his EDS stock dropped. This time he lost hardly a dime. When GM's Roger Smith decided to buy out Perot's stock last year, Perot took cash. GM has taken a pounding; Perot still has his cash. Moral: You can't get rich sitting on cash, but you can stay rich that way. ■

Name	Hometown	Net worth (millions)			% dropped*	Source of wealth
		Sept. 15	Oct. 19	Oct. 23		
Albertson, Joseph	Boise	\$365	\$144	\$146	-60%	Albertson's
Alexander, Norman	Scarsdale, NY	315	246	223	-29	Sun Chemical
Allen, Paul	Bellevue, WA	640	503	535	-16	Microsoft
Andreas, Dwayne	Bal Harbour, FL	230	164	179	-22	Soybeans
Arison, Ted	Miami Beach	1,800	1,056	1,083	-40	Cruise ships, banking
Bainum, Stewart Sr	Silver Spring, MD	230	199	202	-19	Manor Care, real estate
Bancroft, Christopher	Denton, TX	225	126	144	-36	Inheritance (Dow Jones)
Bancroft, Hugh III	Newport Beach	225	126	144	-36	Inheritance (Dow Jones)
Bennett, William	Las Vegas	325	228	236	-27	Circus Circus Enterprises
Bernhard, Arnold	Westport, CT	390	440	386	-1	Value Line
Berrie, Russell	Englewood, NJ	420	315	265	-37	Teddy bears
Blaustein, Morton	Baltimore	500	415	460	-8	Inheritance (oil)
Bronfman, Edgar	NYC	1,800	1,516	1,481	-18	Seagram Co
Buffett, Warren	Omaha	2,100	1,679	1,730	-18	Stock market
Busch, August Jr	St. Louis	1,300	943	1,095	-16	Anheuser-Busch
Colket, Tristram Jr	Paoli, PA	240	180	194	-19	Inheritance (Campbell Soup)
Comer, Gary	Chicago	350	229	239	-32	Lands' End
Cook, Jane	Cohasset, MA	900	502	574	-36	Inheritance (Dow Jones)
Cotsen, Lloyd	Los Angeles	265	242	198	-25	Neutrogena
Cox, William Jr	London	450	251	287	-36	Inheritance (Dow Jones)

*Percent change from Sept. 15 to Oct. 23.

Picking up the Pieces

Name	Hometown	Net worth (millions)			% dropped*	Source of wealth
		Sept. 15	Oct. 19	Oct. 23		
Danner, Raymond	Nashville	\$225	\$175	\$170	-25%	Shoney's
Disney, Roy	Los Angeles	560	440	459	-18	Walt Disney Co
Dolan, Charles	Oyster Bay, NY	550	454	404	-26	Cable television
Dorrance, John Jr	Gladwyne, PA	1,300	1,093	1,175	-10	Inheritance (Campbell Soup)
Ellison, Lawrence	Atherton, CA	245	235	192	-22	Oracle Corp
Fickling, William	Macon	345	299	293	-15	Charter Medical
Fireman, Paul	Newton, MA	435	274	266	-39	Reebok
Fisher, Donald	San Francisco	575	216	189	-67	The Gap
Ford, Josephine	Grosse Pointe, MI	475	316	339	-29	Inheritance (Ford Motor Co)
Ford, William	Grosse Pointe, MI	900	645	682	-24	Inheritance (Ford Motor Co)
Frankino, Samuel	Palm Beach	350	244	211	-40	Agency Rent-A-Car
Furst, Austin Jr	New Canaan, CT	230	175	187	-19	Vestron
Galvin, Robert	Barrington Hills, IL	600	474	390	-35	Motorola
Gates, William III	Seattle	1,250	996	1,059	-15	Microsoft
Gottwald, Bruce	Richmond, VA	310	230	190	-39	Ethyl Corp
Gottwald, Floyd Jr	Richmond, VA	310	230	190	-39	Ethyl Corp
Graham, Katharine	Washington, D.C.	875	486	606	-31	Washington Post Co
Greenberg, Maurice	NYC	300	232	248	-17	American International Group
Hamilton, Dorrance	Strafford, PA	290	246	264	-9	Inheritance (Campbell Soup)
Heinz, Henry III	Fox Chapel, PA	380	273	289	-24	HJ Heinz Co
Hess, Leon	NYC	625	329	349	-44	Amerada Hess
Hewlett, William	Portola Valley, CA	1,450	1,082	1,024	-29	Hewlett-Packard
Icahn, Carl	Westchester Co, NY	525	227	212	-60	Financier
Jacobs, Irwin	Minneapolis	250	183	171	-32	Arbitrage, investments
Kauffman, Ewing	Mission Hills, KS	1,300	759	906	-30	Marion Laboratories
Kavadas, Kathryn	Wabun, MA	225	126	144	-36	Inheritance (Dow Jones)
Kelly, William	Troy, MI	490	282	264	-46	Kelly Services
Kerkorian, Kirk	Los Angeles	950	616	575	-39	Investments
Klink, Bettina	Los Angeles	225	126	144	-36	Inheritance (Dow Jones)
Knight, James	Bal Harbour, FL	335	255	236	-29	Knight-Ridder Newspapers
Knight, Philip	Hillsboro, OR	345	267	251	-27	Nike
Krehbiel, John Sr	Downers Grove, IL	335	280	239	-29	Molex
Kroc, Joan	La Jolla, CA	1,000	622	759	-24	Inheritance (McDonald's)
MacElree, Jane	Newtown Sq, MA	450	251	287	-36	Inheritance (Dow Jones)
Magness, Bob	Englewood, CO	740	290	290	-61	Cable TV
Mandel, Jack	Shaker Heights, OH	240	229	214	-11	Premier Industrial Corp
Mandel, Joseph	Lyndhurst, OH	240	221	207	-14	Premier Industrial Corp
Mandel, Morton	Shaker Heights, OH	240	231	216	-10	Premier Industrial Corp
Manoogian, Alex	Grosse Pointe, MI	250	292	307	23	Masco
Manoogian, Richard	Grosse Pointe, MI	530	590	583	10	Masco
Markkula, Armas Jr	Woodside, CA	470	325	317	-32	Apple Computer
Marriott, Alice	Washington, D.C.	350	269	283	-19	Inheritance (Marriott)
Marriott, John Jr	Washington, D.C.	350	269	283	-19	Inheritance (Marriott)
Marriott, Richard	Washington, D.C.	350	269	283	-19	Inheritance (Marriott)
McCaw, Bruce	Seattle	315	213	163	-48	McCaw Communications
McCaw, Craig	Seattle	315	213	163	-48	McCaw Communications
McCaw, John Jr	Seattle	315	213	163	-48	McCaw Communications
McCaw, Keith	Seattle	315	213	163	-48	McCaw Communications
Milstein, Monroe	Burlington, NJ	250	183	172	-31	Burlington Coat Factory
Mitchell, George	Houston	470	347	325	-31	Oil, real estate

*Percent change from Sept. 15 to Oct. 23.

Picking up the Pieces

Name	Hometown	Net worth (millions)			% dropped*	Source of wealth
		Sept. 15	Oct. 19	Oct. 23		
Moody, Robert	Galveston	\$500	\$466	\$417	-17%	American National Insurance
Moore, Gordon	Santa Clara Co. CA	465	359	284	-39	Intel Corp
Murdoch, Rupert	NYC	2,100	1,367	1,119	-47	Publishing
Naify, Marshall	San Francisco	500	161	161	-68	Movie theaters, cable TV
Naify, Robert	San Francisco	500	161	161	-68	Movie theaters, cable TV
Nielsen, Arthur Jr	Winnetka, IL	315	232	241	-24	AC Nielsen Co
Olsen, Kenneth	Lincoln, MA	490	334	326	-33	Digital Equipment Corp
Ottaway, James Sr	Campbell Hall, NY	255	146	167	-35	Newspapers
Packard, David	Los Altos Hills, CA	2,870	2,072	1,959	-32	Hewlett-Packard
Paley, William	NYC	450	345	358	-21	CBS
Park, Roy	Ithaca, NY	550	427	377	-31	Park Communications
Paxson, Lowell	Clearwater, FL	385	197	164	-58	Home Shopping Network
Pennington, William	Reno	325	228	236	-27	Circus Circus Enterprises
Perenchio, Andrew	Bel Air, CA	400	333	366	-9	Television
Petrie, Milton	NYC	1,300	969	955	-27	Petrie Stores
Pontikes, Kenneth	Barrington, IL	295	155	138	-53	Computer equipment
Price, Sol	La Jolla, CA	325	233	222	-32	The Price Co
Rosenberg, Ruth	Baltimore	250	207	230	-8	Inheritance (oil)
Ryan, Patrick	Chicago	230	194	191	-17	Insurance
Simmons, Harold	North Dallas	1,150	972	996	-13	Investments
Singleton, Henry	Los Angeles	615	483	451	-27	Teledyne
Skaggs, Leonard Jr	Salt Lake City	480	303	374	-22	American Stores
Smith, Frederick	Memphis	295	259	232	-21	Federal Express Corp
Smith, Richard	Chestnut Hill, MA	500	343	299	-40	General Cinema Corp
Speer, Roy	Clearwater, FL	600	308	256	-57	Home Shopping Network
Spiegel, Abraham	Beverly Hills	300	201	228	-24	Columbia Savings & Loan
Steinberg, Saul	NYC	660	445	445	-33	Financier
Sulzberger, Arthur	NYC	440	268	286	-35	New York Times
Sulzberger, Iphigene	NYC	440	268	286	-35	New York Times
Syms, Sy	Lynnhurst, NJ	240	173	160	-33	Syms Corp
Terra, Daniel	Chicago	245	221	213	-13	Lawter International
Thalheimer, Louis	Baltimore	250	207	230	-8	Inheritance (oil)
Thorne, Oakleigh	Millbrook, NY	530	472	382	-28	Commerce Clearing House
Tisch, Laurence	NYC	1,000	876	845	-16	Loews Corp
Tisch, Preston	NYC	1,000	876	845	-16	Loews Corp
Tramiel, Jack	Zephyr Cove, NV	375	257	227	-39	Atari
Turner, Ted III	Roswell, GA	465	452	447	-4	Turner Broadcasting System
Tyson, Barbara	Fayetteville, AR	325	248	248	-24	Tyson Foods
Tyson, Donald	Springdale, AR	400	309	309	-23	Tyson Foods
Ueltschi, Albert	Greenwich, CT	300	246	227	-24	FlightSafety International
von Platen, Ruth	San Marino, CA	300	205	224	-25	Times Mirror Co
Walton, James	Bentonville, AR	400	139	141	-65	Wal-Mart Stores
Walton, Sam	Bentonville, AR	8,500	5,820	5,902	-31	Wal-Mart Stores
Wang, An	Lincoln, MA	725	582	488	-33	Wang Laboratories
Wasserman, Lewis	Beverly Hills	325	202	199	-39	MCA
Weis, Robert	Sunbury, PA	510	426	426	-16	Weis Markets
Weis, Sigfried	Lewisburg, PA	620	517	517	-17	Weis Markets
Wexner, Bella	Columbus, OH	365	196	187	-49	The Limited
Wexner, Leslie	Columbus, OH	2,100	1,106	1,054	-50	The Limited
Wrigley, William	Lake Geneva, WI	345	253	303	-12	Wrigley's

*Percent change from Sept. 15 to Oct. 23.

The Funds

Sometimes it's easier to make money selling advice than following it. Witness some of the disappointments for newsletter writers turned portfolio managers.

Reader beware

By Ruth Simon

ABOUT 6,000 PEOPLE pay retired Air Force intelligence officer R. Max Bowser \$39 per year for the *Bowser Report*, a newsletter tracking stocks that sell for \$3 or less. Emboldened by the letter's success, Bowser, now 71, turned his investment approach into the Bowser Growth Fund, which went public in 1984 at \$3 per share.

Bowser Shrink Fund would be a better name for it. Its net assets per share were recently \$1.61. Even before the big crash, it wasn't keeping up. The fund had the fourth-worst record of the 950 funds tracked by Lipper Ana-

lytical Services during 1986, losing 22.9% of its value at a time when the S&P climbed 18.6%. "It seems like we are always apologizing," a demoralized Bowser wrote shareholders this year in response to their sharp criticism and unsigned postcards.

Bowser's record may be poorer than most, but he's hardly the only newsletter writer to try his hand at money management. At least a dozen investment writers have moved or are on their way into fund management, most in the past 1½ years. Their prominence may attract investors, but it hardly guarantees investment success.

One of the first writers to enter the

fund business was Arnold Bernhard. His *Value Line Investment Survey* is probably the best-known market letter, with 120,000 readers. He started the Value Line Fund in 1950, and his firm now manages \$2.5 billion in mutual funds. One of the funds, Value Line Leveraged Growth, is on the *FORBES* honor roll, but the fund that tracks the Value Line survey's recommendations most closely, Value Line Centurion, hasn't kept up with the market in recent years.

Another early advice giver turned manager was Edson Gould, whose successful *Findings & Forecasts* letter sparked the Edson Gould Fund in 1976. But Gould was near the end of his career when the fund opened—he died this year at 85—and the fund faded. Now called the Greenway Fund, it showed only \$20 million in assets and a mediocre performance in *FORBES'* last fund survey (Sept. 7).

Charles Allmon, who started his Growth Stock Outlook Trust in 1986, has been putting out a newsletter for 23 years. But the field is rife with less experienced stock watchers. Glenn Cutler, a former computer operator, has written his *Market Mania* letter from the living room of a home atop California's San Andreas fault for the past four



Paper money

Julien Nergal

Market letter publishers who attract a lot of subscribers can often succeed as well at drawing investors into a mutual fund. But their prominence does not guarantee skill in handling real money.

Fund	Date started	Portfolio manager	Investment letter	Fund assets ¹ (\$mil)	Net asset value initial	recent ²
Bench Blue Chip Portfolio ³	2/21/86	Nachman Bench	Bench Investment Letter	\$14.9	\$10.00	\$10.98
Bowser Growth Fund	4/9/84	R. Max Bowser	Bowser Report	3.4	3.00	1.61
Ehrenkrantz Growth Fund ³	3/2/87	Louis Ehrenkrantz	Ehrenkrantz Letter	2.0	4.98	4.40
Growth Stock Outlook Trust ⁴	3/6/86	Charles Allmon	Growth Stock Outlook	139.9	10.00	9.57
Perritt Capital Growth Fund	— ⁶	Gerald Perritt	Investment Horizons	—	—	—
Primary Trend Fund	9/15/86	James Arnold	Primary Trend	31.3	10.00	10.10
Prudent Speculator Leveraged Fund	6/29/87	Al Frank	Prudent Speculator	0.1	10.00	7.02
Shadow Stock Fund	9/10/87	James Cloonan	AAII Journal	— ⁵	10.00	7.55
Value Line Fund ³	3/14/50	Arnold Bernhard	Value Line Investment Survey	255.9	4.98	13.81
Zweig Fund ⁴	10/2/86	Martin Zweig	Zweig Forecast	370.0	9.35	9.35

¹As of 6/30/87. ²As of 10/20/87. ³Sponsor offers more than one portfolio. ⁴Closed-end fund. ⁵Fund began operation after 6/30/87. ⁶In registration.

Buy Bolivia, short Brazil

About 16,000 readers pay \$118 a year for the monthly *Strategic Investment*, started in 1984 by National Taxpayers Union Chairman James Davidson and former London *Times* editor Sir William Rees-Mogg. This oddball tip sheet mixes newsbriefs on Afghan missiles and trouble in Bangladesh with recommendations to buy warrants in the Union Bank of Finland and short the Swiss franc.

That global perspective may make *Strategic Investment* an interesting read, but its investment advice is nearly impossible for most small investors to implement. "I've got a pot of letters saying your stuff is great, but it's not of any value to me," admits the Oxford-trained Davidson. "[For] the guy out in a cow town, it's a big pain to

buy the Union Bank of Finland."

Davidson and Rees-Mogg's response has been to start the Cross-Market Opportunity Fund, available to readers of *Strategic Investment* without its standard \$100 sales fee. The fund, which awaits Securities & Exchange Commission approval, hopes among other things to short Latin American debt—if the managers can only figure out how—and invest in oil futures. "I think we can raise a few hundred million," Davidson says.

"Last December we recommended Bolivian government debt at 7 cents on the dollar. Now it's up to 15 cents," Davidson boasts. The investment letter, he says, also correctly anticipated coups in Nigeria and Sudan. If only there were puts on Sudan. . . . —R.S.

years. Cutler is teaming up with newsletter writer Mark Leibovit and portfolio manager Jack Phelan to form PCL Diversifund, a closed-end. They were in the midst of an underwriting when the Oct. 19 market crash forced them to back off for a while.

The letter writers branch into fund management because the grass looks greener there. "Most stock market letters have not done well in gaining subscribers," says Norman Fosback, who publishes five investment letters. That may be, he speculates, because individual investors have funneled money into mutual funds and not the individual stocks and bonds most letter writers track. Some have even lost subscribers. "I'm a little off the peak," admits Cutler, who has seen subscriptions to his \$92-per-year letter fall 13%, to 1,000 this year.

Moreover, money management requires no previous experience and little extra work. "There really isn't much need to spend time on the fund. The analysis is already done," says Mark Leibovit, whose *Volume Reversal Survey* tracks the movement of institutional portfolios. Both letter and fund will receive the same recommendations, Leibovit adds, and it's somewhat arbitrary which one gets ideas first. Value Line forbids its fund managers to act on recommendations before subscribers receive them.

Experienced or not, a letter writer's prominence can certainly give his fund a marketing edge. "Maybe 50% of our subscribers bought the fund,"

says Allmon, who raised \$144 million last year for his closed-end Growth Stock Outlook Trust. "A lot of former subscribers, too."

For Allmon, the rewards have been sizable. He earned an advisory fee of \$694,000 for the first half of the year from the GSO Trust, which requires a fraction of his energies. Veteran forecaster Martin Zweig fared even better. Zweig earned \$930,000 in the first half of this year for lending his name and techniques to the \$320 million closed-end Zweig Fund.

Both of these fellows may well be picking up new subscribers, even if the stock market letter business as a whole is lousy. That is because their bearish funds had well-publicized heavy cash positions before the 508-point crash. Indeed, the day after Black Monday, Allmon's fund was down 6.4% from its high.

But, as the SEC boilerplate goes, past results are no guarantee of future results. Al Frank's *Prudent Speculator* has been the top-ranked newsletter monitored by the *Hulbert Financial Digest*, outperforming the S&P 500 over the past seven-year period (ended June 30), 32% a year to 20%. But it did that with a fair degree of leverage and will no doubt suffer severely in October, says Mark Hulbert, the *Digest's* editor. Shortly before the crash, Frank said, "I'm absolutely depressed. I missed the selloff." His *Prudent Speculator Leveraged Fund* has \$7.02 in net assets per share, down from an initial offering price in June of \$10. ■



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List of opportunity?



Illustrations by Phil Huling

The market values of this year's class of FORBES' 200 best small companies in America took a bloody pounding in the market panic. Worse may yet be in store. But beneath the Wall Street turmoil still beat dozens of very sound businesses.

By Peter Newcomb

JUST AS MANY people were quite willing in the boom, not only to value shares on the basis of a single year's earnings but also to assume that increases in earnings would continue geometrically, so now they are ready to estimate capital values on today's earnings and to assume that decreases will continue geometrically."

So wrote John Maynard Keynes, the economist and one of the century's most successful investors, in February of 1931. Around the world, stock market valuations had crumbled. No one believed that they would ever recover. Keynes, the great contrarian, was strung out on margin—and about to make a fortune (see *FORBES*, Sept. 26, 1983).

Does opportunity now knock in the following ranking of *Forbes'* 200 best small companies in America? Certainly not with the force it knocked with in 1931: The current cycle, recently so manic, has yet to turn thoroughly depressive.

That said, however, market beatings usually offer opportunities, and these companies took a severe beating. On Oct. 12 the 200 as a group had an aggregate market value of \$46.4 billion. Seven days later, at the close of business on Bloody Monday, Oct. 19, the group was worth \$32.3 billion—a 30% plunge for what is arguably the cream of American corporate assets. On Wednesday, Oct. 21 (the day we priced the tables beginning on page 200), the group's value recovered, but only to \$35.5 billion. At that price, the group was selling at 13.6 times latest 12-month earnings.

Are they worth more? It is impossible to say which way the market will go in the weeks ahead. Most likely it will go many ways. But it is hard to deny that the past performance (never a guarantee of future success) of these

companies has been impressive. To make the list, a company had to have a minimum five-year average return on equity of 11.1%, as defined by William O'Neil & Co., which supplies our raw statistical data. For the latest 12 months profitability had to be 10% or better. Companies whose earnings over the past five years fell more than 75% from one year to the following were dropped. Long-term debt had to be less than equity. We also required an average annual gain in earnings per share of at least 10% over the past five years, and a five-year average annual sales growth of 10% or better. These are bare minimums; most companies did far better. We excluded banks, electric utilities and real estate investment trusts, companies with less than five years of earnings history and those whose earnings were less than \$1 million during the latest 12 months, or whose stock price was less than \$2.

For many of these companies, the precipitous plunges in market valuations were probably warranted, simply given the high valuations to which they rapidly rose. Telerate, for example. The market value of this financial information network, which is 56% owned by Dow Jones & Co., fell more than any other of the 200 best small companies during the selling wave. Telerate's market value rose from \$792 million early last year to \$2.3 billion just before the fall—and fell to \$633 million on Bloody Monday. It recovered two days later to \$757 million, about 20 times last year's earnings.

Television game show producer Barris Industries, another highflier on the list, tripled in value over the last two years. So it is not altogether weird that Barris gave back nearly all that gain in the sell-off.

Unless the economy is headed for depression, the prospects for many of the 200 companies remain good. Most

have strong niches; few have lost their entrepreneurial verve. Many are still run by their founders or cofounders; several more are run by the founders' offspring.

The market panic has not changed their basic businesses. Consider St. Louis' Sigma-Aldrich Corp., a fine little manufacturer and mail-order supplier of biochemicals and other organic and inorganic materials that has appeared among the 200 best small companies five times (this year it is ranked 75th and is a member of our small company honor roll). Sigma-Aldrich has established itself as the L.L. Bean of the research world; over 35% of Sigma's orders come from overseas. It lost 35% of its market value; that wiped a half-million dollars off the value of Chief Executive Tom Cori's personal stock in the company. But Cori isn't worried and says his business plan remains intact.

"We developed a plan of action some 15 years ago that we were going to be a service-driven company," says Cori. He stuck with that plan while his competitors strayed into other areas, says Cori, adding that he has no intention of straying. "The rules for running a good mail-order business apply to us."

James Conte, president of honor roll member Community Psychiatric Centers, is another who is keeping his eye on his basic business, not on the stock quotation pages or on diversification. "We see a lot of other companies get involved in anything that says health care on it," says Conte. "We've stayed with what we've been successful at: acute psychiatric care and dialysis treatment. In the health care business, acquisitions are tough. In most cases you buy other people's problems. If they were doing well, they wouldn't have sold them, or they would have asked a price that was more than we paid."

Conte, too, lost a bundle—over \$3.7

The 200 Best Small Companies in America

million—on his Community Psychiatric stock. But he isn't going to let that change the way he'll run the company.

Ranked 69th among the best 200 small companies is Safety-Kleen. It specializes in mechanical parts cleaning services and hazardous waste removal, by common consent a growth industry. Last year Safety-Kleen tied the corporate record for the number of consecutive years (16) in which earnings growth exceeded 20%. President Donald Brinckman is confident that Safety-Kleen will break the record this year. If so, he will beat a restaurant outfit that survived many market fluctuations: McDonald's.

While the chief executives of many of FORBES' 200 best small companies express strong aversion to diversification, they also cite the need to remain flexible. Electromagnetic Sciences is a maker of electronic microwave com-

ponents and does a lot of government contract work. Says Electromagnetic Vice President Bill Evans: "We feel that because of our flexibility we can be more responsive to changes in the environment and, consequently, more opportunistic." Electromagnetic's sales have grown at an average rate of about 35% a year over the last five years—though Evans is the first to admit this growth rate will be tough to sustain.

New York-based Dreyfus Corp., the mutual fund house, joins the small company honor roll this year. Just before the market drop, Dreyfus Chairman Howard Stein said Dreyfus uses a different approach in its investing: "Public enthusiasm generally evolves at the peak of markets, and we've tried to be more cautious at such times." How did Dreyfus' funds do in the aftermath of the sell-off? (For more on mutual funds, see cover stories.)

These rankings include several new features. Of special note is the directory of chief executives of the 200 best small companies, with details of their educational backgrounds, compensation arrangements and ownership in their companies. The directory begins on page 220.

Also worth noting are the earnings estimates for 1988. These come courtesy of the Institutional Brokers Estimate System, a service of New York brokerage firm Lynch, Jones & Ryan. The estimates must be taken with the standard grain of salt. This is the more true given the way analysts are hastily scaling back their estimates as the market falls.

Would Lord Keynes be a buyer at these prices? We have no idea. But if intelligent investing in small companies is your thing, this annual list is a good place from which to start your research. ■

The best of the best

This is the FORBES small company honor roll. To make it, a company needed to earn at least 15% on equity during the latest 12 months and average at least 15% over the past five years. It also had to appear on our annual 200 best small companies list at least four times

in the past five years. How have these top little companies been as investments? Pretty good. Even after the market plunge, a \$15,000 investment spread evenly across the group five years ago would today be worth over \$56,000. (Our prices are as of Oct. 21.)

Company	Years on 200 best list	Return on equity		5-year		Recent price	Value of \$1,000 invested 10/18/82	Chief executive
		5-year average	latest 12 months	sales growth	earnings growth			
Arnold Industries	4	21.0%	22.7%	16.0%	27.0%	33	\$4,924	Edward H Arnold
Bolar Pharmaceutical	5	18.3	20.9	29.0	23.0	33	3,085	Robert Schulman
Community Psychiatric Centers	5	19.1	21.4	20.0	23.0	33	2,105	James W Conte
Dreyfus	4	26.2	18.6	18.0	17.0	24	4,535	Howard Stein
Electromagnetic Sciences	4	17.1	20.7	34.0	33.0	14	2,282	John E Pippin
Hunt Manufacturing	4	16.4	22.0	15.0	16.0	29	2,762	Ronald J Naples
Napco Security Systems	4	28.1	31.8	31.0	61.0	9	6,060	Richard Soloway
Neutrogena	4	32.9	53.3	27.0	41.0	45	10,778	Lloyd E Cotsen
Pansophic Systems	5	15.8	15.5	27.0	25.0	19	2,349	David J Eskra
Pioneer Group	5	31.8	31.2	34.0	23.0	17	1,675	John F Cogan Jr
SafeCard Services	5	24.5	65.3	22.0	51.0	9	2,871	Steven J Halmos
Safety-Kleen	4	21.3	23.4	15.0	20.0	33	4,987	Donald W Brinckman
Sigma-Aldrich	5	20.7	24.1	17.0	20.0	36	3,203	Tom Cori
Stryker	5	17.3	19.0	22.0	21.0	20	2,727	John W Brown
Teleflex	5	16.1	17.9	18.0	15.0	25	2,062	Lennox K Black
Total							\$56,405	

Source: William O'Neil & Co.; FORBES

The 200 Best Small Companies in America

Rank this year	Rank last year	Company/business	Return on equity 5-year average	Latest 12 months	5-year EPS growth rate	Latest 12 mos sales (mil)	Latest 12 mos profits (mil)	Debt/ equity	Recent stock price	Market value (mil)	Latest 12 mos EPS	P/E	Est 1988 EPS	Book value/ share
1	2	Value Line financial publishing	70.8%	46.5%	16.0%	\$72.7	\$17.04	0%	23	\$223.7	\$1.71	13.2	NA	\$3.68
2	5	Seaman Furniture furniture stores	62.5	72.7	38.0	230.7	15.24	22	18	241.7	1.13	15.7	\$1.80	1.54
3	■	Franklin Resources fund management	60.9	104.2	107.0	200.7	55.00	13	17	460.6	2.07	8.3	2.96	1.98
4	■	Canonic Environmental Svcs hazardous waste mgmt svcs	58.3	47.6	67.0	34.0	5.04	0	22	118.3	0.92	23.4	1.45	1.92
5	■	PCS prescription claims process	54.3	65.0	41.0	59.6	8.67	0	27	391.5	0.60	45.0	1.03	0.92
6	■	Intl Dairy Queen Cl A fast-food restaurants	54.0	49.0	29.0	204.7	14.20	96	24	230.5	1.47	16.2	NA	2.99
7	■	Vanguard Technol Intl computer services	47.8	100.8	65.0	47.4	2.73	13	10	34.4	0.78	13.0	1.17	0.80
8	7	King World Productions distr & synd of TV progs	45.0	67.9	118.0	222.0	29.78	0	21	628.0	0.97	21.4	1.99	1.45
9	■	ABI Am Businessphones telecommunications equip	44.6	19.8	51.0	27.1	1.11	4	10	16.1	0.67	14.6	NA	3.39
10	■	Morino Associates software	39.2	25.5	72.0	33.3	6.19	0	14	133.7	0.61	22.1	0.79	2.46



The 200 best small companies in America have a median 5-year average return on equity of 17.4% and a median 12-month return on equity of 20.7%. The Bloody Monday market panic wiped out over \$14 billion of the group's aggregate market value.

11	■	Strober Organization professional bldg supply ctrs	38.5	25.9	68.0	96.6	5.37	8	9	53.2	0.95	9.2	1.20	3.41
12	■	PAM Transportation Svcs trucking	37.9	18.3	82.0	54.4	3.40	67	9	40.6	0.75	11.7	1.18	4.00
13	■	Trans World Music record & video stores	36.7	29.9	95.0	151.6	7.94	16	20	180.0	0.91	22.0	1.58	2.95
14	■	Dryclean USA dry cleaning stores	36.4	18.7	42.0	16.8	1.97	0	13	35.1	0.82	15.2	NA	3.76
15	■	Anitec Image Technology photo equipment	35.3	34.6	29.0	137.7	16.49	9	17	184.8	1.47	11.6	1.73	4.38
16	22	ClothesTime women's apparel stores	35.0	38.6	77.0	178.1	13.42	0	8	107.7	0.94	8.2	1.46	2.50
17	■	Heartland Express trucking	34.9	32.5	24.0	22.5	3.07	0	8	41.3	0.62	13.3	0.84	1.89
18	■	T Rowe Price Assocs mutual fund invest svcs	34.7	41.6	32.0	124.0	17.07	4	29	205.4	2.31	12.4	3.21	5.74
19	■	Group 1 Software computer software	34.5	107.4	57.0	9.4	1.47	2	10	31.4	0.47	20.2	NA	0.41
20	■	Traditional Inds photographic equip & svcs	33.8	98.1	34.0	35.8	3.10	3	9	21.5	1.34	6.7	NA	1.32

■ Not on last year's list. NA: not available. Stock prices as of Oct. 21.

Sources: William O'Neil & Co.; Institutional Brokers Estimate System (IBES); Fomies

The 200 Best Small Companies in America

Rank		Company/business	Return on equity		5-year EPS growth rate	Latest 12 mos sales (mil)	Latest 12 mos profits (mil)	Debt/ equity	Recent stock price	Market value (mil)	Latest 12 mos		Est 1988 EPS	Book value/ share
this year	last year		5-year average	latest 12 months							EPS	P/E		
21	■	Barr Labs generic pharmaceuticals	33.6%	31.9%	40.0%	\$60.1	\$4.01	45%	9	\$68.0	\$0.64	\$14.1	NA	\$1.67
22	8	Chief Automotive Sys auto frame repair equip	33.4	24.8	44.0	40.0	7.61	10	8	62.4	0.89	8.4	\$1.28	3.69
23	24	Neutrogena cosmetics	32.9	53.3	41.0	125.9	14.08	0	45	620.1	0.96	46.9	1.38	1.92
24	6	Thor Industries motor homes	32.4	30.3	22.0	165.2	7.36	0	16	79.3	1.46	10.8	1.77	4.83
25	■	Durakon Industries automotive equip	32.3	17.2	85.0	93.3	5.06	28	10	63.5	0.82	12.3	1.10	4.69
26	■	Diceon Electronics electronics	32.2	26.5	51.0	95.1	8.63	3	31	181.1	1.46	21.4	2.25	5.63
27	■	Inmac mail-order computer prods	31.8	52.3	37.0	165.4	7.74	1	17	146.7	0.86	19.2	1.11	1.66
28	18	Pioneer Group mutual fund management	31.8	31.2	23.0	59.8	11.40	0	17	103.0	1.85	9.1	2.60	5.95
29	29	Oshkosh B'Gosh Cl A children's apparel	31.7	37.4	38.0	219.9	24.06	12	54	390.2	3.30	16.2	NA	8.83
30	■	American List student mailing lists	31.6	27.0	21.0	5.2	1.61	0	9	25.0	0.58	15.5	NA	2.14
31	■	Ashton-Tate computer software	31.3	30.8	86.0	244.4	37.73	4	21	504.4	1.52	13.7	1.99	5.04
32	43	Dress Barn women's apparel stores	29.8	49.3	70.0	173.7	12.91	0	9	188.6	0.58	14.7	0.80	1.18
33	21	Russ Berrie & Co gift items	29.7	26.8	40.0	252.7	33.45	4	30	442.2	2.24	13.2	3.04	8.34
34	■	Merry-Go-Round Enterprises women's apparel stores	29.1	24.0	17.0	227.8	8.40	9	9	85.8	0.88	10.2	1.30	3.67
35	28	Juno Lighting lighting fixtures	28.6	30.3	37.0	49.2	8.92	19	14	130.4	0.97	14.7	1.23	3.21
36	42	Napco Security Systems protective alarm equip	28.1	31.8	61.0	27.6	3.38	37	9	38.1	0.77	11.4	0.98	2.44
37	■	Bush Inds Cl A ready-to-assemble furniture	27.9	34.0	48.0	83.8	4.31	92	19	56.3	1.44	13.0	NA	4.23
38	32	Deb Shops women's apparel stores	27.4	26.7	25.0	195.6	13.45	4	12	174.5	0.89	12.9	1.25	3.32
39	16	Intertrans freight forwarding	27.3	18.3	53.0	93.2	2.73	0	6	25.7	0.55	10.0	0.68	3.19
40	31	JB Hunt Transportation Svcs trucking	26.8	25.6	49.0	242.4	25.29	39	19	435.5	1.07	17.3	1.45	4.20
41	■	Alloy Computer Products computer equipment	26.7	17.1	32.0	44.6	2.77	0	7	31.0	0.60	11.3	0.99	3.52
42	59	Nuclear Support Services svcs to nuclear electric utils	26.4	30.6	23.0	32.2	2.45	1	10	20.0	1.19	8.4	NA	4.02
43	25	Dreyfus fund management	26.2	18.6	17.0	265.1	90.35	0	24	1,014.1	2.11	11.4	2.81	11.52
44	■	Par Pharmaceutical drugs	26.2	30.2	55.0	70.8	9.56	33	19	205.5	0.86	21.7	1.18	2.87
45	■	Technalysis computer & technical svcs	26.0	28.9	13.0	14.3	1.19	0	9	14.3	0.73	12.0	1.00	2.52

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Sources: William O'Neil & Co.; Institutional Brokers Estimate System (IBES); Forbes

The 200 Best Small Companies in America

Rank this year	Rank last year	Company/business	Return on equity 5-year average	latest 12 months	5-year EPS growth rate	Latest 12 mos sales (mil)	Latest 12 mos profits (mil)	Debt/ equity	Recent stock price	Market value (mil)	Latest 12 mos EPS	Latest 12 mos P/E	Est 1988 EPS	Book value/ share
46	■	Heico health care & aerospace eq	25.9%	46.0%	59.0%	\$49.5	\$8.27	68%	22	\$46.5	\$4.16	5.4	\$3.85	\$8.65
47	■	Hovnanian Enterprises home building	25.8	33.3	52.0	303.0	22.90	70	11	228.5	1.08	10.0	1.65	3.24
48	■	J&J Snack Foods snack foods	25.7	18.8	60.0	36.1	2.33	54	16	46.7	0.81	19.8	1.25	4.25
49	■	Stanline building materials	25.4	28.5	56.0	62.9	1.84	21	9	14.4	1.11	7.7	1.38	3.81
50	■	Boston Acoustics audio speaker systems	25.3	22.9	55.0	15.0	1.57	0	7	13.4	0.86	2.8	NA	3.46
51	50	New England Business Svc business forms	25.0	27.7	18.0	188.4	19.13	9	19	329.9	1.12	17.2	1.29	4.03
52	60	Versa Technologies rubber and fluid power prods	24.9	29.0	25.0	41.9	4.59	9	18	68.4	1.19	14.9	1.75	4.10
53	55	SafeCard Services credit card services	24.5	65.3	51.0	110.2	30.72	0	9	281.9	0.94	9.2	1.59	1.44
54	45	Cherokee Group women's apparel & footwear	24.3	36.6	52.0	131.2	9.75	4	9	124.6	0.80	11.7	1.20	2.01
55	■	Chili's restaurants	24.1	16.9	19.0	177.3	6.49	28	23	130.4	1.11	20.8	1.65	6.83



Retailing accounts for more of these companies—29 in all—than any other industry. In second place is the computer industry, with 21 businesses on the list.

56	33	CPI Corp portrait studios, photo finish	23.7	21.7	19.0	270.9	20.34	0	15	244.0	1.23	12.0	1.73	5.67
57	38	Quick & Reilly Group discount brokerage	23.6	31.1	24.0	95.3	17.19	5	14	132.7	1.81	7.7	2.45	5.83
58	36	Paychex payroll accounting svcs	23.4	22.7	43.0	66.9	5.45	10	21	180.6	0.64	32.8	1.19	2.79
59	■	Atlantic Southeast Air regional airline	23.2	15.8	52.0	103.9	12.16	52	10	130.2	0.92	10.6	1.28	5.77
60	40	MacNeal-Schwendler computer aided eng software	22.8	37.2	35.0	30.7	7.92	0	17	204.2	0.65	25.8	0.96	1.75
61	26	Telerate security price database	22.8	34.5	32.0	280.7	56.78	0	16	756.8	1.24	12.9	1.96	3.48
62	64	John H Harland check printing	22.5	24.7	19.0	278.3	39.93	0	21	732.8	1.16	18.3	1.50	4.69
63	■	Syms retail clothing stores	22.5	24.8	20.0	235.0	16.46	9	10	180.9	0.93	11.0	1.08	3.75
64	■	Uniforce Temp Personnel temporary office personnel	22.4	37.2	80.0	66.4	2.09	1	10	41.0	0.45	21.1	0.61	1.30
65	30	Duquesne Systems computer software	22.1	18.9	57.0	34.9	7.43	0	13	133.3	0.70	18.6	0.99	3.83

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The 200 Best Small Companies in America

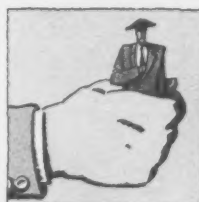
Rank this year	Rank last year	Company/business	Return on equity 5-year average	latest 12 months	5-year EPS growth rate	Latest 12 mos sales (mil)	Latest 12 mos profits (mil)	Debt/ equity	Recent stock price	Market value (mil)	Latest 12 mos EPS	P/E	Est 1988 EPS	Book value/ share
66	67	Eaton Vance mutual fund adviser & dist	22.1%	34.4%	36.0%	\$47.2	\$10.96	50%	17	\$74.2	\$2.60	6.6	NA	\$7.40
67	■	CEM precision instruments	22.0	13.3	30.0	9.8	1.25	0	14	30.9	0.56	24.6	\$0.76	4.19
68	106	Dresher brass beds & accessories	21.9	27.1	52.0	44.5	2.80	0	9	40.4	0.62	14.5	0.77	2.30
69	■	Safety-Kleen parts cleaning svcs	21.3	24.9	21.0	308.1	34.21	7	33	1,073.2	1.04	31.7	NA	4.23
70	■	Armor All Products auto cleaners, protectants	21.2	28.5	30.0	110.0	18.32	0	16	329.2	0.88	17.9	1.34	3.08
71	83	Arnold Industries trucking	21.0	22.7	27.0	100.5	10.35	9	33	137.0	2.46	13.2	NA	10.80
72	71	Microsemi semiconductors	21.0	16.9	62.0	42.7	5.64	20	8	70.9	0.62	12.5	0.85	3.65
73	46	Andover Controls building automation sys	20.7	19.6	21.0	21.8	2.47	0	8	28.6	0.68	11.8	0.84	3.52
74	74	General Physics training svcs for utilities	20.7	23.6	12.0	96.8	4.77	0	15	50.2	1.33	10.9	1.80	5.85
75	91	Sigma-Aldrich specialty chemicals	20.7	24.1	20.0	277.5	37.56	10	36	873.8	1.53	23.2	2.08	6.32
76	44	Fur Vault retail fur stores	20.2	10.5	33.0	92.6	5.02	11	6	76.0	0.41	14.0	0.75	3.62
77	■	Gantos women's apparel stores	20.2	19.2	51.0	113.2	4.89	5	12	60.5	0.95	12.1	1.50	4.83
78	84	Luby's Cafeterias restaurants	20.2	21.5	15.0	232.9	23.66	4	23	426.2	1.30	18.0	1.66	6.03
79	■	Welbilt appliances	20.1	17.5	48.0	217.1	11.68	16	15	118.4	1.45	10.3	NA	8.38
80	■	CareerCom business schools	19.9	32.1	122.0	65.7	3.91	23	9	78.9	0.51	16.4	0.85	1.44
81	61	CCX Network marketing svcs	19.8	20.2	42.0	30.2	2.14	38	16	50.4	0.56	28.1	0.90	3.32
82	■	Crawford & Co insurance claims adj svcs	19.8	20.6	10.0	255.0	15.97	4	18	213.0	1.37	13.3	1.80	6.64
83	■	Data Translation computer equip	19.6	20.8	40.0	29.5	2.83	0	19	55.4	0.90	20.6	1.20	4.55
84	■	Ero Industries sporting goods	19.3	21.3	24.0	42.9	2.73	9	10	29.4	0.86	11.0	1.25	4.14
85	■	Spec's Music record & video stores	19.3	17.9	39.0	26.6	1.28	0	6	21.2	0.32	17.2	NA	1.86
86	68	Entertainment Publications discount coupon books	19.2	17.0	48.0	53.6	5.88	0	20	93.2	1.23	15.9	1.57	7.23
87	■	Stockholder Sys CI A financial software	19.2	17.9	24.0	14.6	2.41	0	7	24.1	0.69	10.1	NA	3.92
88	94	Community Psychiatric Ctrs psych hospitals, dialysis ctrs	19.1	21.4	23.0	284.1	58.04	5	33	1,000.0	1.92	17.1	2.46	8.89
89	■	P Leiner Nutritional Prods vitamins, nutritnl supplmnts	19.0	17.9	12.0	73.5	3.55	0	10	35.1	1.02	9.9	1.40	5.71
90	■	Republic American casualty insurance	19.0	20.9	19.0	256.6	26.22	3	14	299.8	1.20	12.0	1.88	6.02

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The 200 Best Small Companies in America

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91	137	Tootsie Roll Industries candy	19.0%	20.3%	31.0%	\$109.8	\$13.08	0%	25	\$219.7	\$1.42	17.5	NA	\$7.31
92	■	La Petite Academy preschool and daycare ctrs	18.7	18.7	33.0	118.1	9.00	87	16	258.6	0.57	28.7	\$0.85	3.04
93	■	QuesTech engineering mgmt services	18.6	22.5	25.0	55.4	1.62	29	10	14.9	1.08	9.0	NA	4.73
94	79	FlightSafety Intl air & marine training	18.4	17.9	10.0	117.7	34.04	18	32	720.0	1.52	21.1	2.10	8.50
95	■	Actmedia advertising	18.3	14.5	81.0	81.4	6.15	0	15	178.5	0.52	29.3	0.98	3.62
96	98	Bolar Pharmaceutical drugs	18.3	20.9	23.0	61.9	11.02	0	33	317.6	1.14	28.5	3.35	5.39
97	82	Diagnostic Prods health care equip	18.3	20.7	22.0	32.9	7.81	0	26	150.6	1.28	19.9	1.86	6.38
98	■	Technitrol electronics & electric equip	17.9	20.2	23.0	38.3	4.29	6	22	43.3	2.13	10.1	NA	10.57
99	104	Cintas uniform sales and rentals	17.7	18.8	22.0	173.9	14.60	66	28	365.2	1.12	25.0	1.58	5.96
100	■	Biocraft Labs generic drugs	17.4	16.8	58.0	69.3	11.11	5	19	265.9	0.80	23.8	1.39	4.72



Of this year's 200 best small companies, 81 were on last year's list. Of the 119 that didn't return, 15 were acquired, at least 3 grew too much over our \$315 million sales limit, and the rest weren't good enough.

101	112	Stryker surgical and medical prods	17.3	19.0	21.0	130.6	11.37	7	20	311.5	0.74	27.0	1.00	3.83
102	■	McClain Inds waste-handling equip	17.2	24.2	34.0	25.5	1.39	23	8	12.8	0.66	12.5	NA	3.69
103	■	Allied Security security svcs	17.1	22.5	14.0	63.1	1.13	5	31	18.8	2.15	14.4	NA	8.27
104	■	Daxor sperm bank	17.1	23.8	61.0	6.4	3.36	0	7	35.2	0.62	10.7	NA	2.66
105	134	Electromagnetic Sciences microwave components	17.1	20.7	33.0	56.8	6.24	27	14	96.0	0.84	16.1	1.21	4.24
106	■	Frontier Insurance Group insurance	17.1	23.6	46.0	33.0	3.92	0	7	26.6	1.21	5.8	NA	4.38
107	■	Sands Regent casino hotel	17.1	14.0	23.0	27.4	3.63	24	10	31.4	1.10	8.6	1.13	7.83
108	■	Dycom Inds telecommunications svcs	17.0	32.6	55.0	66.6	2.97	56	9	36.1	0.75	11.7	0.85	2.21
109	183	Herley Microwave Sys microwave components	16.9	22.1	72.0	15.6	2.15	45	5	12.7	0.71	6.3	1.10	3.45
110	■	QMS computer p	16.9	17.7	31.0	107.6	8.21	30	18	165.4	0.87	20.1	1.59	4.92

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The 200 Best Small Companies in America

Rank		Company/business	Return on equity		5-year EPS growth rate	Latest 12 mos		Debt/ equity	Recent stock price	Market value (mil)	Latest 12 mos		Est 1988 EPS	Book value/ share
this year	last year		5-year average	12 months		sales (mil)	profits (mil)				EPS	P/E		
111	127	Cadmus Communications printing and graphic arts	16.8%	19.5%	19.0%	\$115.9	\$5.33	47%	19	\$109.9	\$0.90	21.1	\$1.19	\$4.72
112	109	Advanced Systems educational training mtrls	16.7	21.7	18.0	70.9	9.38	72	25	142.5	1.53	16.5	1.74	7.66
113	■	ARX electronics	16.7	18.2	12.0	60.7	6.05	84	8	50.1	1.00	8.4	1.05	5.56
114	136	Liqui-Box packaging	16.6	38.3	32.0	71.3	6.27	9	35	78.5	2.68	12.9	NA	7.20
115	■	George Banta printing	16.5	14.0	12.0	299.1	16.56	32	19	221.6	1.42	13.5	1.82	10.20
116	118	American Software Cl A computer software	16.4	16.8	28.0	47.9	8.41	0	9	95.4	0.81	11.3	1.31	4.78
117	■	Hunt Manufacturing office supplies	16.4	22.0	16.0	144.8	11.92	26	29	205.6	-1.74	16.7	2.01	7.63
118	■	Adia Services temporary office personnel	16.3	18.2	74.0	307.7	8.32	30	20	216.3	0.93	21.0	1.30	4.11
119	■	Casey's General Stores convenience stores	16.3	15.3	30.0	295.2	8.72	75	14	160.1	0.74	18.9	1.12	4.97
120	142	New York Marine & Gen Ins maritime insurance	16.3	21.9	40.0	69.0	13.31	0	15	125.8	1.54	9.4	1.91	7.00



This is a niche list of companies whose specialties range from sperm banking (Daxor Corp.) to selling of student mailing lists (American List) to portrait studios in Sears stores (CPI).

121	■	SAY Industries packaging for oil prods	16.3	11.8	35.0	24.9	2.14	10	4	13.6	0.55	6.4	0.85	4.65
122	108	Clayton Homes manufactured housing	16.2	21.0	28.0	178.6	10.36	57	10	125.1	0.79	12.3	0.94	3.84
123	■	Seaboard food processing	16.2	19.9	48.0	306.0	23.73	46	84	125.0	15.92	5.3	NA	79.98
124	141	Telxon tele-transaction computers	16.2	24.0	34.0	105.8	13.14	1	17	220.6	0.97	17.5	1.57	4.21
125	■	Blessings plastic film, hlth care prods	16.1	16.1	18.0	70.9	5.68	38	24	78.6	1.74	13.9	NA	10.84
126	125	Teleflex auto, marine & aero cntrl eq	16.1	17.9	15.0	247.5	18.02	37	25	269.7	1.64	15.2	2.05	9.32
127	131	Systematics bank computer services	16.0	16.2	24.0	150.7	11.30	5	24	257.5	1.03	23.1	1.67	6.44
128	■	RLI contact lens insurance	15.9	26.1	36.0	101.4	12.87	14	10	61.1	2.09	4.7	3.05	7.96
129	■	Fabric Wholesalers fabric stores	15.8	16.5	12.0	52.4	2.14	15	9	23.2	0.80	10.8	1.02	4.82
130	119	Pansophic Systems software	15.8	15.5	25.0	127.4	17.11	1	19	331.9	0.96	19.3	1.44	6.14

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			5-year average	latest 12 months										
131	145	Sizzler Restaurants Intl restaurants	15.8%	20.3%	18.0%	\$254.7	\$14.73	56%	14	\$247.0	\$0.85	16.8	\$1.33	\$4.19
132	130	Dionex chromatography sys	15.7	15.9	28.0	56.4	8.88	0	23	209.8	0.94	24.2	1.22	6.06
133	■	Thermo Instrument Sys cogeneratn sys, precisn inst	15.7	34.6	15.0	78.5	5.88	0	9	90.0	0.59	15.3	0.77	1.70
134	■	Richardson Electronics electronics	15.5	14.5	25.0	104.7	8.51	31	16	161.9	0.85	19.1	1.43	5.90
135	121	Biomet medical equip	15.3	14.9	66.0	59.5	9.12	0	19	226.9	0.76	24.7	1.19	5.06
136	100	Medex health care equip	15.3	15.1	10.0	23.2	2.10	11	8	28.1	0.56	13.4	0.65	3.73
137	122	Ryan's Family Steak House cafeteria-style restaurants	15.2	20.6	53.0	130.7	14.02	0	10	494.2	0.28	33.9	0.47	1.31
138	■	Sippican marine instrumentation sys	15.2	15.5	10.0	56.7	3.79	5	11	46.1	0.90	12.2	1.34	5.82
139	159	Avemco insurance	15.1	23.9	21.0	113.2	15.10	17	20	188.1	1.59	12.6	2.13	6.71
140	■	Bowen & Co financial printing	15.1	24.0	13.0	215.2	26.02	2	15	280.0	1.42	10.7	1.58	5.90
141	182	Oil-Dri Corp of America absorbent materials	15.1	20.7	44.0	59.7	5.66	22	15	81.2	1.02	14.7	1.23	5.06
142	■	Crown Books bookstores	14.9	11.0	31.0	162.6	5.37	12	11	59.1	0.97	11.6	NA	9.31
143	■	Swift Energy oil & gas explor & develop	14.8	37.8	25.0	8.2	2.50	0	11	42.3	0.63	16.9	NA	1.66
144	155	UniFirst uniform mfg, rental, sale	14.8	17.0	14.0	144.5	9.12	39	22	108.4	1.81	11.9	1.95	10.64
145	156	Vishay Intertechnology precision instruments	14.7	20.8	23.0	59.1	10.24	10	17	129.9	1.46	11.8	1.70	6.54
146	■	Gerber Scientific computer-aided design, mfg	14.6	14.2	43.0	231.3	22.82	8	17	438.5	0.88	19.2	1.37	6.20
147	■	Milwaukee Insurance Group insurance	14.6	29.8	36.0	44.6	5.62	0	11	34.4	2.03	5.5	2.35	6.16
148	■	Nordson industrial equip	14.6	27.5	17.0	200.1	22.47	15	29	298.6	2.14	13.6	2.58	7.94
149	140	Digital Commun Assocs computer networking equip	14.5	20.2	52.0	192.0	31.83	0	31	439.9	2.13	14.4	2.46	10.99
150	■	Educational Computer training simulators	14.5	17.8	16.0	38.1	3.72	38	10	45.8	0.79	12.7	0.94	4.57
151	135	First Finl Management computer svcs	14.5	18.5	38.0	94.0	7.25	90	23	243.4	0.89	25.8	1.35	3.71
152	■	Regal-Beloit tools	14.5	16.6	28.0	83.1	6.26	12	17	103.1	1.08	16.1	1.65	6.36
153	■	Kenan Transport trucking petrol & fertilizer	14.4	15.5	11.0	45.9	2.98	14	15	33.9	1.27	11.4	1.70	8.26
154	153	Mentor health care equip	14.3	16.2	47.0	34.4	4.55	2	8	88.8	0.40	19.4	0.65	2.45
155	■	American Land Cruisers sales & rental of RV equip	14.2	11.6	45.0	37.9	1.44	11	6	31.1	0.40	14.1	NA	2.24

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this year	last year		5-year average	latest 12 months		sales (mil)	profits (mil)				EPS	P/E		
156	168	Sealed Air packaging materials	14.2%	15.4%	28.0%	\$217.4	\$16.97	13%	38	\$276.8	\$2.33	16.3	\$2.84	\$15.15
157	143	S&K Famous Brands men's apparel stores	14.2	13.9	16.0	40.5	1.47	65	10	19.6	0.71	13.4	1.08	5.14
158	161	Pancho's Mexican Buffet Mexican restaurants	14.1	15.4	20.0	47.1	2.90	0	8	38.3	0.67	11.9	0.88	3.94
159	■	RPM protective coatings	14.0	13.4	10.0	290.5	15.87	64	19	254.0	1.15	16.1	1.59	8.61
160	■	Eldon Industries office equip	13.9	15.6	14.0	77.3	5.49	0	18	97.4	0.99	18.2	1.20	6.49
161	■	Isco precision instruments	13.8	12.7	11.0	25.4	2.22	4	13	43.1	0.65	19.6	0.85	5.17
162	180	Pulaski Furniture wooden furniture mfg	13.7	15.7	21.0	104.1	4.94	65	18	51.7	1.70	10.4	2.10	10.83
163	■	Trus Joist building materials	13.7	21.6	11.0	223.9	10.64	53	18	124.2	1.53	11.9	1.98	7.23
164	■	Haverty Furniture furniture stores	13.6	13.6	28.0	205.6	8.50	94	12	71.3	1.42	8.5	1.78	10.52
165	163	Scan-Tron optical character recog equip	13.6	18.0	21.0	28.7	3.43	59	10	43.3	0.79	13.0	0.94	4.50



Although only 1 of these companies has a woman in the chief executive's office (she is Anne Lieff, of Spec's Records), at least 10 have women in high managerial positions.

166	■	Tennant floor care equip	13.6	15.3	11.0	157.7	9.18	6	24	127.0	1.72	14.0	2.08	11.32
167	■	Simmons Airlines regional airline	13.5	15.1	10.0	92.6	5.36	93	7	33.4	1.14	6.3	NA	7.55
168	■	Optical Radiation optical, electro-opt prods	13.4	10.4	32.0	100.7	9.13	16	17	133.0	1.11	15.1	NA	11.10
169	■	Park Communications broadcasting, publishing	13.4	13.5	13.0	142.8	15.73	22	31	420.9	1.15	26.5	1.60	8.47
170	■	Policy Mgmt Sys computer software	13.3	12.7	19.0	168.3	15.43	23	20	318.5	0.95	20.5	1.32	7.44
171	■	Athey Products sweepers, hauling equip	13.2	18.5	16.0	40.1	3.39	4	14	37.7	1.17	12.2	NA	6.92
172	■	Raven Industries recreation products	13.2	14.6	11.0	60.0	2.51	26	15	23.5	1.57	9.5	NA	10.87
173	■	Park Electrochemical electronics	13.1	13.6	20.0	112.6	6.37	5	15	79.3	1.23	12.5	1.91	9.07
174	■	Quarex Inds wholesale, retail meat prods	13.0	26.2	14.0	153.5	1.04	71	6	7.0	0.52	10.7	NA	3.17
175	■	Heilig-Meyers furniture stores	12.9	16.4	10.0	285.8	15.07	75	17	184.3	1.41	12.2	2.20	8.59

■ Not on last year's list. NA: not available. Stock prices as of Oct. 21.

Sources: William O'Neill & Co., Institutional Brokers Estimate System (IBES), FORBES

The 200 Best Small Companies in America

Rank		Company/business	Return on equity		5-year EPS growth rate	Latest 12 mos		Debt/ equity	Recent stock price	Market value (mil)	Latest 12 mos		Est 1988 EPS	Book value/ share
this year	last year		5-year average	latest 12 months		sales (mil)	profits (mil)				EPS	P/E		
176	■	Inacomp Computer Centers computer stores	12.9%	15.1%	13.0%	\$187.8	\$2.42	54%	7	\$4.8	\$0.45	15.6	\$0.87	\$23.24
177	■	LIN Broadcasting broadcasting	12.9	12.9	11.0	216.1	49.78	13	40	2,144.6	0.89	44.9	1.38	7.20
178	■	Raymond James Financial brokerage	12.9	21.2	24.0	143.0	9.44	44	13	71.5	1.75	7.5	1.55	8.19
179	■	Lumex hospital furniture	12.8	12.9	13.0	75.4	4.70	27	12	51.3	1.16	10.6	1.45	8.72
180	192	Tech-Sym electronics	12.8	14.3	11.0	101.7	8.86	18	12	81.4	1.34	9.1	1.80	9.35
181	199	Morgan Keegan securities brokerage	12.7	19.8	18.0	86.4	6.70	0	11	60.9	1.28	8.2	1.45	5.84
182	198	Products Research & Chem specialty chemicals	12.7	15.6	19.0	95.3	7.81	4	15	139.5	0.83	17.8	1.01	5.30
183	■	Robert Halmi film production	12.4	34.2	50.0	33.0	5.70	0	2	47.6	0.26	8.2	NA	0.75
184	■	Raymond Corp forklifts	12.4	10.8	11.0	137.6	6.71	17	12	71.9	1.13	10.6	1.70	10.34
185	194	Sikes Cl A ceramic tiles	12.4	23.4	44.0	113.9	8.18	36	10	88.7	0.92	11.3	1.33	4.08
186	■	Engraph packaging materials	12.3	11.9	20.0	113.0	3.17	39	11	56.9	0.59	17.8	0.83	4.90
187	■	Network Systems computer networks	12.1	10.1	28.0	109.6	17.21	2	9	273.4	0.59	15.9	0.78	5.85
188	■	Oakwood Homes manufactured housing	12.1	11.2	12.0	93.3	6.08	54	9	50.2	1.07	8.2	1.45	9.48
189	■	Timeplex data communications equip	12.0	25.8	54.0	147.1	19.50	47	25	242.3	2.12	11.9	1.90	7.88
190	■	Adams-Millis textiles	11.9	12.2	30.0	201.5	6.27	87	11	50.4	1.32	8.1	1.85	10.98
191	■	Addison-Wesley Publish Cl B publishing	11.9	12.6	13.0	156.0	7.93	12	50	129.1	3.10	16.1	3.92	24.35
192	■	ASK Computer Sys computer software, svcs	11.9	11.0	17.0	98.3	8.00	1	9	112.5	0.62	13.9	0.79	5.58
193	191	Forest Labs drugs	11.8	13.6	28.0	72.9	13.42	1	18	304.9	0.83	21.1	1.39	5.65
194	■	CML Group sportswear, rec prods	11.7	18.0	24.0	283.0	9.04	86	20	128.8	1.35	14.8	1.80	7.81
195	■	Guardsman Products coatings & polishes	11.6	14.9	21.0	103.7	4.53	5	13	62.4	1.02	12.4	1.35	6.15
196	■	C&R Clothiers apparel stores	11.5	24.7	48.0	64.6	1.52	4	12	15.4	1.48	8.1	NA	4.81
197	■	Barris Industries TV programs	11.4	46.4	121.0	64.2	17.97	0	7	64.5	2.08	3.5	1.85	4.35
198	■	Computer Entry Sys optical character recog equip	11.2	14.3	28.0	73.6	2.98	51	6	30.7	0.56	10.7	NA	4.07
199	■	Colonial Life & Acc Cl B insurance	11.1	12.0	11.0	206.7	22.15	2	25	197.6	2.80	8.9	3.36	23.38
200	■	Telecredit credit approval, paymnt svcs	11.1	17.2	10.0	129.2	10.92	0	33	349.2	1.01	32.9	2.03	6.06

■ Not on last year's list. NA: not available. Stock prices as of Oct. 21. Sources: William O'Neil & Co.; Institutional Brokers Estimate System (IBES); Forbes

The 200 Best Small Companies' Chief Executives

Bosses small but powerful

Who runs the country's 200 best small companies? The chief executives in this directory are a varied lot. Of them, 67 have advanced degrees—yet 38 did not graduate from college. In 88 companies, founders or cofounders are still in charge.

Most in the group own large amounts of their companies' stock. For stock holdings, we include shares of beneficial interest and stock held by an executive's wife or children, even if beneficial ownership is legally disclaimed.

Where possible, shares in which the executive shared voting and investment power were excluded. Also dropped were shares that were held by foundations, by a parent and shares that were held by family members active in the business.



Company	Chief executive	Age	—Years— with co as CEO		Undergraduate college	College degrees	—Compensation— (000) salary bonus		—Stock owned— % mkt value (000)
ABI Am Businessphones	Frank J Feitz	43	7	7			\$ 185.3*		33.11% \$5,329
Actmedia	Bruce F Failing Jr	39	15	1	Tufts	BA, MBA	200.0		8.07 14,413
Adams-Millis	James H Millis Sr	64	40	20	U of N Carolina	BS	265.7*		33.58 16,911
Addison-Wesley Pub	Don R Hammonds	60	14	8	Princeton	BA	348.0*		23.63 ¹ 30,500 ¹
Adia Services	Walter W Macauley	44	8	3	Yale	BA	335.4*		0.18 390
Advanced Systems	William R Roach	47	6	6	UCLA	BS	279.8	\$265.0	0.62 881
Allied Security	Neal H Holmes	57	30	30			292.0	61.6	29.39 5,530
Alloy Computer Products	Richard A Gorgens	40	9	9	Northeastern	BS	155.6*		54.82 17,007
American Land Cruisers	Robert A Smalley	64	15	15	St Leo College	BS	230.0*		18.96 5,892
American List	Martin Lerner	54	22	22	Brooklyn Polytech	BS	150.0	254.0	10.38* 2,598
American Software	James C Edenfield ²	51	17	5	Georgia Tech	BS	225.0	2.2	18.39 ³ 17,555 ³
Andover Controls	William J LaPointe	46	8	8	Northeastern	BA, MS, MBA	133.2		1.02 293
Anitec Image Technology	Gerhard R Andlinger	56	6	6	Princeton	BA, MBA	600.0*		15.83 29,247
Armor All Products	Jeffrey M Sherman	38	9	1	NA		167.8	95.0	‡ 5
Arnold Industries	Edward H Arnold	48	18	5	Notre Dame	BS	327.1*		31.91 34,973
ARX	Julius D Winer	69	8	7			267.0	342.2	5.65 2,831
Ashton-Tate	Edward M Esber Jr	35	3	3	Case Inst of Tech	BS, MS, MBA	943.2*		0.96 4,866
ASK Computer Sys	Ronald W Braniff	51	3	2	Oregon State	BS, MBS	204.8	95.0	1.52 1,710
Athey Prods	James D Cloonan	54	4	4	Fenn College	BS	150.0*		0.27 101

¹Class A and B combined. ²James C Newberry is co-CEO. His compensation is the same as Mr. Edenfield's. ³Mr. Edenfield's holdings are all in CI B which is convertible into CI A. Indicated holdings and market value reflect all class of stock. *Salary and bonus. †Includes family holdings. ‡Less than 0.01% NA: Not available.

The 200 Best Small Companies' Chief Executives

Company	Chief executive	Age	—Years— with co	as CEO	Undergraduate college	College degrees	—Compensation— (000) salary bonus		—Stock owned— % mkt value (000)
Atlantic Southeast Air	George F Pickett Jr	46	9	9	U of Texas	BS, MBA	\$170.0*		2.80% \$3,649
Avemco	William P Condon	50	25	5			145.0	\$216.5	0.53 1,000
George Banta	Harry W Earle	63	8	8	Williams College	BA	211.4*		0.50 1,109
Barr Labs	Edwin A Cohen	55	17	17	City College NY	BA	385.9*		7.66 5,207
Barris Industries	Bert Sugarman	48	1	1			425.0* ¹		23.05 14,863
Biocraft Labs	Harold Snyder	66	23	2	NYU	BS, PhD	385.0*		31.11 82,707
Biomet	Dane A Miller	41	9	9	GM Inst	BS, PhD	112.5*		6.63 15,049
Blessings	David E Lewis	63	12	10	Yale	BA	362.3*		0.01 5
Bolar Pharmaceutical	Robert Schulman	53	27	27	Columbia	BS	279.5*		13.03 41,376
Boston Acoustics	Francis L Reed	54	8	8	Boston	BA	185.8*		37.27 4,979
Bowne & Co	Franz von Ziegesar	63	36	4	Yale	BSE	410.0*		0.65 1,806
Bush Inds	Paul S Bush	49	28	16			174.4	224.4	47.09 26,486
C&R Clothiers	Paul S Reisbord	44	20	16	Northwestern	BA, MBA, PhD	264.2	191.6	59.05 9,070
Cadmus Communications	Wallace Stettinius	54	4	4	U of Virginia	BA, MBA	243.1*		4.87 5,352
Canonic Envir Svcs	Richard F Brissette	53	7	7	Carnegie-Mellon	BS	289.8*		0.24 288
CareerCom	Michael McKinney	38	6	1	Anderson College	BA, MS	165.0	251.5	3.16 2,494



These 200 bosses do pretty well. Median salary plus bonus comes to \$279,500. And look at their stock holdings.

Casey's General Stores	Donald F Lamberti	49	20	12	NA		200.0	250.0	22.42	35,895
CCX Network	Charles D Morgan Jr	44	15	12	U of Arkansas	BS	170.5*		34.28	17,270
CEM	Michael J Collins	45	9	9	U of Florida	BS, PhD	118.0		14.55	4,434
Cherokee Group	James Argyropoulos	43	15	15			350.0	350.0	15.14†	18,549
Chief Automotive Sys	Richard J Mullen	61	13	3	Loyola (Chi)	BS	96.0	152.4	0.17	107
Chili's	Norman E Brinker	56	4	4	San Diego State U	BS	175.0		7.63	9,955
Cintas	Richard T Farmer	52	30	19	Miami U, Ohio	BA	313.5*		39.39†	143,839
Clayton Homes	James L Clayton	53	26	26	U of Tennessee	BS, JD	180.7		50.63	63,322
ClothesTime	Michael P DeAngelo	39	9	9	NA		334.0*		16.99	18,292
CML Group	Charles M Leighton	52	19	19	Bowdoin	BA, MBA	393.0		7.19†	9,260
Colonial Life & Acc Cl B	Gayle O Averyt	54	29	17	Davidson College	BS, MBA	195.0	58.5	8.59† ²	16,973 ²
Community Psychiatric	James W Conte	59	25	25	U of Iowa	BA, MHA	700.0	250.0	1.00	9,959
Computer Entry Sys	Brian T Cunningham	51	18	4	St. Francis Penn	BS	154.8	63.0	2.84	872
CPI Corp	Alyn V Essman	55	31	14	Washington U (StL)	BA	510.0	204.0	3.92†	9,557
Crawford & Co	T Gordy Germany	61	40	14	Auburn	BS	361.6	105.0	‡	6
Crown Books	Robert M Haft	35	10	10	U of Penn	MS, MBA	300.0	200.0	0.01 ³	7 ³
Data Translation	Alfred A Molinari Jr	45	14	14	Worcester Polytech	BS, MS, MBA	165.0*		26.43	14,632

¹Annualized figure (salary). ²Indicated percentage holdings and market value includes all classes of stock. ³Haft family and Dart Group control 52.3% of Crown Books. Market value of Dart Group's holdings is \$30.9 million. *Salary and bonus. †Includes family holdings. ‡Less than 0.01%. NA: Not available.

The 200 Best Small Companies' Chief Executives

Company	Chief executive	Age	—Years— with co as CEO		Undergraduate college	College degrees	—Compensation— (000) salary bonus		—Stock owned— % mkt value (000)
Daxor	Joseph Feldschuh	52	13	13	Columbia	BA, MD	— ¹	54.62%	\$19,209
Deb Shops	Marvin Rounick	47	26	8	Wharton	BS	\$375.0	30.31	52,897
Diagnostic Prods	Sigi Ziering	59	15	15	Brooklyn College	BS, MS, PhD	240.0*	30.16	45,428
Diceon Electronics	Roland G Matthews	48	7	7			230.5*	11.12	20,147
Digital Commun Assocs	Bertil D Nordin	51	6	6	Northwestern	BS, MBA	453.8 \$232.3	0.98	4,296
Dionex	A Blaine Bowman	41	10	7	Brigham Young	BS, MBA	175.0 169.0	1.38	2,896
Dresher	A Barry Merkin	52	9	1	Brown	BA, MBA	192.0 63.7	6.84	2,765
Dress Barn	Elliot S Jaffe	61	24	24	Wharton	BS	520.0	37.49	70,703
Dreyfus	Howard Stein	61	32	22			1,612.4*	2.70	27,346
Dryclean USA	Eric J Schwartz	50	10	10			150.0	38.27	13,419
Duquesne Systems	Glen F Chatfield	44	17	11	Penn State	BS	163.5 68.0	5.20	6,936
Durakon Industries	Michael Wayne	42	8	8			291.1	47.66	30,244
Dycom Inds	Thomas R Pledger	49	3	3			152.2	7.51	2,712
Eaton Vance	Landon T Clay	61	19	16	Harvard	BA	237.1	21.88	16,232
Educational Computer	George W Murphy	51	17	17	Fordham	BS	234.9*	2.47	1,134
Eldon Industries	Robert Silverstein	64	29	29			303.4	11.38	11,081



Kenan Transport's Lee Shaffer played professional basketball and was traded for Wilt Chamberlain. Robert Halmi Inc.'s Robert Halmi was a Hungarian freedom fighter.

Electromagnetic Sciences	John E Pippin	61	19	19	Georgia Tech	BS, PhD	269.6	1.65†	1,582
Engraph	Leo Benatar	57	6	6	Georgia Tech	BIE	281.3*	3.14	1,786
Entertainment Pubns	Hughes L Potiker	62	27	27	Wayne State	BA, JD	230.0* ²	21.07 ²	19,637 ²
Ero Industries	Martin N Sandler	70	19	19	U of Minnesota	BBA	162.5 81.3	29.91	8,794
Fabric Wholesalers	Tony J Bosboom	64	19	19			95.0*	9.29	2,152
First Finl Management	Patrick H Thomas	45	16	15	Georgia State U	BS, MS	380.0*	1.86	4,517
FlightSafety Intl	Albert L Ueltschi	70	36	36			214.6	35.43	255,118
Forest Laboratories	Howard Solomon	60	10	10	City College NY	BS, LLB	253.8	2.68	8,173
Franklin Resources	Charles B Johnson	54	33	33	Yale	BS	420.7*	16.23	74,737
Frontier Insurance Group	Walter A Rhulen	56	10	10	U of Connecticut	BS	120.0 ³	16.83 ⁴	4,477 ⁴
Fur Vault	Fred Schwartz	56	32	3	City College NY	BA	399.3*	11.28	8,572
Gantos	L Douglas Gantos	54	27	25	Michigan State	BS	352.4*	30.41	18,407
General Physics	Robert W Deutsch	63	21	21	MIT	BS, PhD	194.8 80.0	— ⁵	0
Gerber Scientific	H Joseph Gerber	63	39	39	Rensselaer	BS	290.9 91.1	11.65	51,094
Group 1 Software	Robert S Bowen	49	4	4	Northwestern	BS, MBA	— ⁶	0.21	65
Guardman Products	Keith C Vander Hyde	59	28	17			297.4*	0.67	419
Robert Halmi	Robert Halmi Sr	63	21	21	U of Budapest	BA	406.3 105.0	6.16	2,929

¹Dr. Feldschuh's compensation is less than \$60,000. ²Fiscal 1986 data. ³Annualized figure. ⁴Walter A Rhulen owns only Class A shares. Indicated percentage holdings and market value includes all classes of stock. ⁵Dr. Deutsch and family have option to reacquire 834,000 shares (24.1%) held by National Patent Development, on 12/31/91. ⁶Mr. Bowen is compensated by a management consulting firm. *Salary and bonus. †Includes family holdings. ‡Less than 0.01%.

The 200 Best Small Companies' Chief Executives

Company	Chief executive	Age	—Years—		Undergraduate college	College degrees	—Compensation—		—Stock owned—	
			with co	as CEO			(000) salary	bonus	%	mkt value (000)
John H Harland	J William Robinson	67	37	18	U of Alabama	BS	\$360.3		2.76%	\$20,236
Haverty Furniture	Rawson Haverty Sr	66	46	3	U of Georgia	BA	299.1*		6.10	4,083
Heartland Express	Russell A Gerdin	46	9	9	Moorhead State	BA	452.1*		6.68	2,756
Heico	Chester A Warner	77	7	5			195.2		0.38	177
Heilig-Meyers	William C DeRusha	37	18	2	VA Cmmnwith	BS	265.0†		0.33	607
Herley Microwave Sys	Lee N Blatt	59	22	22	NA		150.0†		22.85†	2,903†
Hovnanian Enterprises	Kevoik S Hovnanian	64	28	28			346.7	\$193.6	56.73	129,608
Hunt Manufacturing	Ronald J Naples	42	11	6	West Point	BS, MA, MBA	209.3	22.5	1.27	2,616
JB Hunt Trans Svcs	Kirk Thompson	34	14	1	U of Arkansas	BS	123.7	110.2	0.36	1,560
Inacomp Computer Ctrs	Rick Inatome	34	11	8	Michigan State	BA	164.3*		307.29†	14,842
Inmac	Kenneth A Eldred	44	11	11	Stanford	BA, MBA	284.2*		32.50	47,672
Intertrans	Sam N Wilson	52	9	9	North Texas State	BA	99.0		7.28	1,873
Intl Dairy Queen Cl A	Harris Cooper	49	17	17	St Louis Law	SJD	263.3	398.9	1.80	4,140
Isco	Robert W Allington	52	27	26	U of Nebraska	BS, MS	168.4*		50.99	21,982
J&J Snack Foods	Gerald B Shreiber	45	16	16			275.0E		54.80	25,587
Juno Lighting	Robert S Fremont	62	11	11	NYU	BA	358.1		7.58	9,890
Kenan Trans	Lee P Shaffer	48	22	13	U of N Carolina	BA	149.0		6.41	2,170
King World Productions	Michael King	39	14	3	Fairleigh Dickinson	BA	300.0	200.0	9.83†	61,734
La Petite Academy	Jack L Brozman	37	9	9	Washington U	BA, MBA	200.0		2.01	5,197
P Leiner Nutritional Prods	Michael Leiner	41	9	8	Imperial Col (London)	BSC, MBA	197.0	91.8	3.73	1,310
LIN Broadcasting	Donald A Pels	59	18	18	U of Pennsylvania	BS, JD	870.0		3.38	72,486
Liqui-Box	Samuel B Davis	45	24	5			486.0		10.11	7,932
Luby's Cafeterias	John B Lahourcade	62	18	5	U of Texas	BBA	240.2*		1.22	5,213
Lumex	Lawrence N Cohen	55	21	1	Cornell	BA	213.1		0.30	152
MacNeal-Schwendler	Joseph F Gloudeman	52	9	3	Marquette	MS, Dr Ing	202.9	40.2	3.14	6,415
McClain Inds	Kenneth D McClain	46	23	23			171.6*		37.94	4,868
Medex	Craig Waldbillig	61	28	16	Boston	BS	158.3*		13.84	3,885
Mentor Corp Minn	Chris J Conway	48	18	18			200.0*		1.42	1,263
Merry-Go-Round Ent	Michael D Sullivan	48	13	5	Loyola	BS	363.4*		1.83	1,570
Microsemi	Philip Frey Jr	60	16	16			149.3	174.5	8.34	5,906
Milwaukee Ins Gr	Robert W Doucette	64	40	25	Marquette	BA	240.7*		0.31	107
Morgan Keegan	Allen B Morgan Jr	45	18	4	North Carolina	AB	491.6*		10.89	6,630
Morino Associates	Mario M Morino	44	14	14	Case Western	BBA	210.0	150.0	35.75	47,782
Napco Security Systems	Richard Soloway	41	15	6			310.7†		20.54†	7,819†
Network Systems	Lyle D Altman	57	11	2	U of Nebraska	BS	210.0	16.8	1.06	2,898
Neutrogena	Lloyd E Cotsen	58	30	20	Princeton	BA, MBA	350.0	350.0	53.06	328,995
New England Business Svc	Richard H Rhoads	57	22	12	U of Virginia	BA, MBA	272.3*		5.58	18,417
NY Marine & Gen Ins	John N Blackman	63	15	15	Yale	BA	— [‡]		‡	0
Nordson	William P Madar	48	2	2	Purdue	BS, MBA	363.1*		0.20	586
Nuclear Support Services	Laurence M Strassner	45	2	1	West Point	BS, MBA	101.9*		1.56	312
Oakwood Homes	Nicholas J St George	48	8	8	William and Mary	BA, JD	255.8*		0.94	471

†Fiscal 1986 data. *Mr. Blackman is compensated by a management consulting firm. *Salary and bonus. †Includes family holdings. ‡Less than 0.01%. E: Estimate. NA: Not available.

The 200 Best Small Companies' Chief Executives

Company	Chief executive	Age	—Years—		Undergraduate college	College Degrees	—Compensation—		—Stock owned—	
			with co	as CEO			(000) salary	bonus	%	mkt value (000)
Oil-Dri Corp of America	Richard M Jaffee	51	30	27	U of Wisconsin	BA	\$206.2	\$63.1	37.09 ¹ %	\$30,098
Optical Radiation	Richard D Wood	48	18	18	U of Kansas	BS, MBA	231.0		12.77	16,985
Oshkosh B'Gosh	Charles F Hyde	67	39	20	Wesleyan	BA	457.1*		3.22	12,546
PAM Transportation Svcs	Paul A Maestri	57	7	7			288.4	75.0	54.07†	21,969
Pancho's Mexican Buffet	Hollis Taylor	51	14	8	Lamar	BBA	191.8*		1.28	491
Pansophic Systems	David J Eakra	46	8	3	St Mary's College	BA	350.6*		0.23	772
Par Pharmaceutical	Perry Levine	66	8	8			400.0*		7.20†	14,796
Park Communications	Roy H Park	77	25	25	U of N Carolina	BS	616.7		89.28	375,778
Park Electrochemical	Jerry Shore	62	22	22	Purdue	BS, MS	250.0	30.1	16.83	13,346
Paychex	B Thomas Golisano	46	16	16			204.9		17.65	31,865
PCS	Donald B Dahlin	37	6	6	U of Tulsa	BS	176.8	100.0	0.01	27
Pioneer Group	John F Cogan Jr	60	25	24	Harvard	BS, JD	217.9	100.0	13.56	13,968
Policy Mgmt Sys	G Larry Wilson	41	15	15	U of S Carolina	BS, MBA	211.8	50.0	0.44	1,412
T Rowe Price Assocs	George J Collins	47	15	3	Va Mily Inst	BA, MBA	265.0	365.0	3.62	7,426
Products Rsrch & Chem	George Gregory	70	35	21	UCLA	BA	420.0	470.0	1.62	2,257
Pulaski Furniture	Bernard C Wampler	56	32	20	N Carolina State	BS	252.8*		3.75	1,940



Of these chief executives, 67 have advanced degrees, including 19 doctorates and 35 M.B.A.s. But 38 never bothered to graduate from college.

QMS	James L Busby	41	10	10	U of Alabama	BS, MBA	253.4*		15.19	25,118
Quarex Inds	Frank Castellana	32	14	5			167.0		22.69	1,578
Questech	William L Mayo	59	1	1	Loma Linda	BS, MS	NA ²		NA ²	NA ²
Quick & Reilly Group	Leslie C Quick Jr	61	13	13	Widener	BS	912.5		21.04	27,916
Raven Industries	David A Christensen	52	25	16	S Dakota State	BS	207.8*		2.90	680
Raymond Corp	George Raymond Jr	65	46	16			250.0*		15.28	10,980
Raymond James Financial	Thomas A James	45	21	18	Harvard	AV, MBA	195.8	250.0	34.08	24,371
Regal Beloit	James L Packard	45	8	3			194.9*		0.76	787
Republic American	Carl H Lindner	68	14	14			15.0 ³		0.22 ⁴	653 ⁴
Richardson Electronics	Edward J Richardson	45	26	17			270.0*	165.0	57.49	93,096
HLJ	Gerald D Stephens	55	29	22	U of Wisconsin	BBA	169.0	61.0	9.49	5,801
RPM Inc Ohio	Thomas C Sullivan	50	26	16	Miami U (Ohio)	BS	330.0	150.0	2.54	6,442
Russ Berrie & Co	Russell Berrie	54	25	25			400.0	342.0	54.05	238,997
Ryan's Family Steak Hse	T Mark McCall	29	9	1	The Citadel	BS	160.6		2.72	13,429
S&K Famous Brands	Stuart C Siegel	45	20	2	E Carolina U	BS	310.4*		48.83	9,557
SafeCard Services	Steven J Halmos	39	18	1	Georgia Tech	BS, MBA	432.0		1.69	4,777
Safety-Kleen	Don W Brinkman	56	18	18	Northwestern	BS, MBA	461.2*		1.12	12,038

¹Classes A and B combined. Richard Jaffee and brother control majority of CI B. ²Previous chief executive, Herbert W Klotz, died November 1986. William L Mayo assumed control May 1987. ³Director's fee. ⁴American Financial Corp owns 32.1% of Republic American. Carl Linder owns 45.4% of American Financial. *Salary and bonus. †Indicates family holdings. \$Less than 0.01%. NA: Not available.

The 200 Best Small Companies' Chief Executives

Company	Chief executive	Age	—Years—		Undergraduate college	College degrees	—Compensation—		—Stock owned—	
			with co	as CEO			(000) salary	(000) bonus	%	mkt value (000)
Sands Regent	Pete Cladianos Jr	57	22	22	U of Nevada	BA	\$207.5	\$32.7	26.37%	\$8,275
SAY Industries	Romilly Humphries	57	12	1	Trinity College	BA	220.0		4.72†	642
Scan-Tron	John T Saunders	57	4	4	U of Minnesota	BS	180.3*		0.13	57
Seaboard Corp	Harry Bresky	71	NA	NA	NA		256.8		0.38	479
Sealed Air	T J Dermot Dunphy	55	16	16	Oxford ¹	MBA	312.3*		2.02	5,578
Seaman Furniture	Morton Seaman	55	33	33	U of Pennsylvania	BS	404.3		16.38	39,590
Sigma-Aldrich	Tom Cori	51	17	9	U of Wisconsin	BS, PhD	340.0	204.1	0.15	1,331
Sikes Corp Cl A	Kelly E Norton	48	18	5	Georgia Tech	BS	325.0*		0.74†	330
Simmons Airlines	Joel Murray	47	7	5	U of Wisconsin	BS, JD, ML	162.9 ²	10.0 ²	11.33 ²	3,781 ²
Sippican	Richard I Arthur	53	23	6			275.5*		1.72	795
Sizzler Restaurants Intl	Thomas L Gregory	52	13	7	Michigan State	BS	175.9	175.9	0.76	1,885
Spec's Music	Ann S Loeff	30	13	7	U of Denver	BS	117.0*		47.10	10,007
Stanline	Stanley G Frahm	54	21	6	Iowa State	BS	104.3	10.0	12.63	1,822
Stockholder Sys	Larry A Dean	45	16	16	Georgia Tech	BS, MBA	195.0		51.80 ³	12,491 ³
Strober Organization	Eric D Strober	46	25	25	Boston	BS	485.5	4,030.8	50.74	26,639
Stryker	John W Brown	53	10	10	Auburn	BS	250.0*		4.86	15,144
Swift Energy	A Earl Swift	54	8	8	U of Oklahoma	BS, JD	129.7		13.06	5,528
Syms	Sy Syms	61	28	28	NYU	BA	844.1		80.25	145,177
Systematics	Raymond R Maturi	49	8	2	Notre Dame	BS	203.7		0.43	1,116
Tech-Sym	Wendell W Gamel	58	25	12	Georgia Tech	BSEE	354.2*		0.90	736
Technalysis	Victor A Rocchio	60	19	19	U of Minnesota	BA	184.3*		17.47	2,494
Technitrol	Roy E Hock	58	29	11	Wayne	BS	178.3*		3.59	1,552
Telecredit	Lee A Ault III	51	20	19	Yale	BA	507.5*		0.56	1,962
Teleflex	Lennox K Black	57	26	15	McGill	BCOM	319.9	75.0	3.71	10,008
Telerate	Neil S Hirsch	40	8	8			500.0	296.6	7.13	53,992
Telxon	Raymond D Moyo	46	15	2	Notre Dame	BA, JD	195.0	195.0	1.71	3,772
Tennant	Roger L Hale	47	26	11	Brown	BA, MBA	369.9*		3.29	4,176
Thermo Instrument Sys	Arvin H Smith	59	17	1	Texas Christian	BS	— ⁵			
Thor Industries	Wade FB Thompson	47	7	7	NYU	BCOM, MS	120.0		45.87	36,386
Timeplex	Edward Botwinick	52	10	10	Columbia	BS, BA	300.0	400.0	6.49†	15,716
Tootsie Roll Industries	Melvin J Gordon	67	25	9	Harvard	AB, MBA	423.3*		9.23	20,283
Traditional Inds	Arland D Dunn	48	11	11			170.9		30.54	6,570
Trans World Music	Robert J Higgins	46	14	14			634.4*		69.33	124,800
Trus Joist	Walter C Minnick	45	13	1	Yeshiva College	BS, MBA, JD	253.6		0.74†	916
UniFirst	Aldo A Croatti	69	47	37			202.4		57.30	62,086
Uniforce Temp Personnel	John Fanning	56	33	33			82.0	95.6	26.62	10,908
Value Line	Arnold Bernhard	85	52	52	Williams College	BA	248.3*		80.53	180,176
Vanguard Technol Intl	Dean W Crawford	46	8	8	Rochester Tech	BS, MA	194.5*		36.61 ^{3,4}	12,591 ^{3,4}
Versa Technologies	James E Mohrhauser	65	17	17			211.5		7.73	5,290
Vishay Intertechnology	Felix Zandman	59	25	25	U of Nancy, France	ME, PhD	304.6		15.72	20,422
Welbilt	Richard L Hirsch	46	24	17	Brown	BA	318.8*		18.62	22,039

¹Graduate school. ²Fiscal 1986 data. ³Indicated holdings and market value include all classes of stock. ⁴Dean W Crawford holds only Class B stock. ⁵Salary and bonus paid by Thermo Instrument Systems and Thermo Electron Corp. *Salary and bonus. †Includes family holdings. ‡Less than 0.01%. NA: Not available.

Company Directory

This alphabetical directory of the 200 best small companies shows how to reach them and how they rank by return on equity, sales, profits and market value. To find a company in the tables beginning on page 200, use the 5-year ROE ranking.

Company	Exch	Ticker	Where they rank				City, state	Telephone
			5-year average ROE	sales	profits	market value		
ABI Am Businessphones	a	AB	9	183	199	190	Irvine, CA	(714) 472-2200
Actmedia	o	ACTM	95	110	118	70	Westhampton Bch, NY	(516) 325-1000
Adams-Millis	n	ALL	190	38	113	142	High Point, NC	(919) 889-7071
Addison-Wesley Publish Cl B	o	ADSNB	191	55	100	88	Reading, MA	(617) 944-3700
Adia Services	o	ADIA	118	2	94	54	Menlo Park, CA	(415) 324-0698
Advanced Systems	n	ASY	112	119	77	77	Arlington Hts, IL	(312) 981-1500
Allied Security	o	ASCY	103	130	198	189	Pittsburgh, PA	(412) 884-2636
Alloy Computer Products	o	ALOY	41	155	167	173	Framingham, MA	(617) 875-6100
American Land Cruisers	a	RVR	155	166	193	172	Miami, FL	(305) 262-9611
American List	a	AMZ	30	200	188	181	Great Neck, NY	(516) 466-0602
American Software Cl A	o	AMSWA	116	150	92	106	Atlanta, GA	(404) 261-4381
Andover Controls	o	ANDO	73	190	173	177	Andover, MA	(617) 470-0555
Anitec Image Technology	o	ANTC	15	64	38	64	Binghamton, NY	(607) 774-3333
Armor All Products	o	ARMR	70	82	28	26	Irvine, CA	(714) 553-1003
Arnold Industries	o	AIND	71	94	72	79	Abancon, PA	(717) 274-2521
ARX	n	ARX	113	133	120	145	Plainview, NY	(516) 694-6700
Ashton-Tate	o	TATE	31	21	7	11	Torrance, CA	(213) 329-8000
ASK Computer Sys	o	ASKI	192	95	98	98	Los Altos, CA	(415) 969-4442
Athey Products	o	ATPC	171	162	155	161	Raleigh, NC	(919) 556-5171
Atlantic Southeast Air	o	ASAI	59	89	60	86	College Park, GA	(404) 996-4562
Avemco	n	AVE	139	77	45	63	Frederick, MD	(301) 694-5700
George Banta	o	BNTA	115	5	37	51	Menasha, WI	(414) 722-7771
Barr Labs	o	BARL	21	134	146	126	Northvale, NJ	(201) 767-1900
Barris Industries	o	BRRS	197	129	30	127	Beverly Hills, CA	(213) 273-5678
Biocraft Labs	n	BCL	100	122	66	38	Elmwood Park, NJ	(201) 796-3434
Biomet	o	BMET	135	139	80	49	Warsaw, IN	(219) 267-6639
Blessings	a	BCO	125	120	124	117	Liberty Corner, NJ	(201) 647-7980
Bolar Pharmaceutical	a	BLR	96	132	67	28	Copague, NY	(516) 842-8383
Boston Acoustics	o	BOSA	50	193	189	196	Peabody, MA	(617) 532-2111
Bowne & Co	a	BNE	140	34	16	34	New York, NY	(212) 924-5500
Bush Inds Cl A	a	BSH	37	108	144	136	Little Valley, NY	(716) 665-2000
Cadmus Communications	o	CDMS	111	75	133	99	Richmond, VA	(804) 264-2885

a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter.

Sources: William O'Neil & Co.; FORBES

Company Directory

Company	Exch	Ticker	Where they rank				City, state	Telephone
			5-year average ROE	sales	profit	market value		
Canonic Environmental Svcs	o	CANO	4	171	135	97	Porter, IN	(219) 926-8651
CareerCom	o	CRCM	80	127	148	116	King of Prussia, PA	(215) 337-7176
Casey's General Store	o	CASY	119	6	87	74	Des Moines, IA	(515) 263-3700
CCX Network	o	CCXN	81	178	180	141	Conway, AR	(501) 329-6836
CEM	o	CEMX	67	196	196	174	Indian Trail, NC	(704) 821-9204
Cherokee Group	o	CHKE	54	66	74	94	N Hollywood, CA	(213) 875-1002
Chief Automotive Sys	o	CHFS	22	163	105	130	Grand Island, NE	(308) 384-9747
Chili's	o	CHLI	55	47	111	84	Dallas, TX	(214) 980-9917
Cintas	o	CTAS	99	48	48	22	Cincinnati, OH	(513) 489-4000
Clayton Homes	n	CMH	122	45	71	92	Knoxville, TN	(615) 970-7200
ClothesTime	o	CTME	16	46	53	101	Anaheim, CA	(714) 779-5881
CML Group	o	CML	194	10	82	89	Acton, MA	(617) 264-4155
Colonial Life & Acc Cl B	o	CACCB	199	35	24	61	Columbia, SC	(803) 798-7000
Community Psychiatric Cntrs	n	CMY	88	9	2	4	Santa Ana, CA	(415) 397-6151
Computer Entry Sys	o	CESC	198	114	161	175	Silver Spring, MD	(301) 622-3500
CPI Corp	o	CPFC	56	14	25	43	St Louis, MO	(314) 231-1575
Crawford & Co	o	CRAW	82	17	40	55	Atlanta, GA	(404) 256-0830
Crown Books	o	CRWN	142	53	130	134	Landover, MD	(301) 731-1200
C&R Clothiers	o	CLTH	196	128	190	191	Culver City, CA	(213) 559-8200
Data Translation	o	DATX	83	179	165	137	Marlborough, MA	(617) 481-3700
Daxor	o	DAXR	104	199	157	163	New York, NY	(212) 935-1430
Deb Shops	o	DEBS	38	41	52	71	Philadelphia, PA	(215) 676-6000
Diagnostic Prods	o	DPCZ	97	175	102	75	Los Angeles, CA	(213) 776-0180
Diceon Electronics	o	DICN	26	100	89	66	Irvine, CA	(714) 833-0870
Digital Commun Assocs	o	DCAI	149	42	12	15	Alpharetta, GA	(404) 442-4000
Dionex	o	DNEX	132	143	85	56	Sunnyvale, CA	(408) 737-0700
Dresher	o	DRES	68	157	166	158	Bedford Park, IL	(312) 594-8900
Dress Barn	o	DBRN	32	49	58	62	Stamford, CT	(203) 327-4242
Dreyfus	n	DRY	43	15	1	3	New York, NY	(212) 715-6000
Dryclean USA	o	DUSA	14	191	185	165	Miami, FL	(305) 667-3488
Duquesne Systems	o	DUQN	65	169	106	81	Pittsburgh, PA	(412) 323-2600
Durakon Industries	o	DRKN	25	102	134	128	Lapeer, MI	(313) 664-0850
Dycom Inds	o	DYCO	108	125	163	162	W Palm Beach, FL	(305) 659-6301
Eaton Vance	o	EAVN	66	152	68	120	Boston, MA	(617) 482-8260
Educational Computer	n	ECC	150	165	150	150	Orlando, FL	(215) 687-2600
Eldon Industries	n	ELD	160	112	128	104	Inglewood, CA	(213) 642-7716
Electromagnetic Sciences	o	ELMG	105	141	116	105	Atlanta, GA	(404) 448-5770
Engraph	o	ENGH	186	79	158	135	Atlanta, GA	(404) 329-0332
Entertainment Publications	o	EPUB	86	146	121	107	Birmingham, MI	(313) 642-8300
Ero Industries	a	ERO	84	158	168	176	Chicago, IL	(312) 965-3700
Fabric Wholesalers	o	FBRC	129	147	181	184	Portland, OR	(503) 666-4511
First Finl Management	o	FFMC	151	101	108	44	Atlanta, GA	(404) 321-0120

a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter.

Sources: William O'Neil & Co.; Forbes

Company Directory

Company	Exch	Ticker	Where they rank				City, state	Telephone
			5-year average ROE	sales	profit	market value		
FlightSafety Intl	n	FSI	94	74	10	8	Flushing, NY	(718) 565-4100
Forest Labs	a	FRX	193	116	54	30	New York, NY	(212) 421-7850
Franklin Resources	n	BEN	3	39	4	13	San Mateo, CA	(415) 570-3000
Frontier Insurance Group	o	FRTR	106	173	147	179	Monticello, NY	(914) 794-8000
Fur Vault	a	FRV	76	105	136	119	New York, NY	(212) 563-7070
Gantos	o	GTOS	77	78	138	133	Grand Rapids, MI	(616) 949-7000
General Physics	o	GPHY	74	96	139	144	Columbia, MD	(301) 964-6000
Gerber Scientific	n	GRB	146	25	22	16	S Windsor, CT	(203) 644-1551
Group 1 Software	o	GSOE	19	197	191	171	Washington, DC	(202) 537-2578
Guardsman Products	a	GRV	195	90	143	129	Grand Rapids, MI	(616) 957-2600
Robert Halmi	a	RHI	183	174	123	146	New York, NY	(212) 977-9001
John H Harland	n	JH	62	12	6	7	Decatur, GA	(404) 981-9460
Haverty Furniture	o	HAVT	164	36	91	123	Atlanta, GA	(404) 881-1911
Heartland Express	o	HTLD	17	189	160	155	Coralville, IA	(319) 645-2728
Heico	a	HEI	46	148	95	148	Hollywood, FL	(305) 987-6101
Heilig-Meyers	n	HMY	175	8	46	65	Richmond, VA	(804) 359-9171
Herley Microwave Sys	o	HRLY	109	192	179	198	Lancaster, PA	(717) 397-2777
Hovnanian Enterprises	a	HOV	47	4	21	48	Red Bank, NJ	(201) 747-7800
JB Hunt Transportation Svcs	o	JBHT	40	22	17	17	Lowell, AR	(501) 659-8800
Hunt Manufacturing	n	HUN	117	60	61	57	Philadelphia, PA	(215) 732-7700
Inacomp Computer Centers	o	INAC	176	44	175	200	Troy, MI	(313) 649-0910
Inmac	o	INMC	27	51	104	76	Santa Clara, CA	(408) 727-1970
Intl Dairy Queen Cl A	o	INDQA	6	37	49	47	Minneapolis, MN	(612) 830-0200
Intertrans	o	ITRN	39	104	169	180	Irving, TX	(214) 574-6750
Isco	o	ISKO	161	186	178	153	Lincoln, NE	(402) 464-0231
Juno Lighting	o	JUNO	35	149	84	85	Des Plaines, IL	(312) 827-9880
J&J Snack Foods	o	JJSF	48	167	177	147	Pennsauken, NJ	(609) 665-9533
Kenan Transport	o	KTCO	153	154	162	168	Chapel Hill, NC	(919) 967-8221
King World Productions	n	KWP	8	29	14	9	Summit, NJ	(201) 522-0100
La Petite Academy	o	LPAI	92	73	83	39	Kansas City, MO	(816) 474-4750
P Leiner Nutritional Prods	a	PLIN	89	115	152	164	Torrance, CA	(213) 328-9610
LIN Broadcasting	o	LINB	177	33	5	1	New York, NY	(212) 765-1902
Liqui-Box	o	LIQB	114	118	114	118	Worthington, OH	(614) 888-9280
Luby's Cafeterias	n	LUB	78	24	20	18	San Antonio, TX	(512) 654-9000
Lumex	a	LUM	179	113	140	140	Bay Shore, NY	(516) 273-2200
MacNeal-Schwendler	a	MNS	60	177	101	60	Los Angeles, CA	(213) 258-9111
McClain Inds	o	MCCL	102	185	194	197	Utica, MI	(313) 264-3611
Medex	o	MDEX	136	188	183	176	Hilliard, OH	(614) 876-2413
Mentor	o	MNTR	154	170	142	109	Goleta, CA	(805) 967-3451
Merry-Go-Round Enterprises	o	MGRE	34	27	93	111	Towson, MD	(301) 828-1000
Microsemi	o	MSCC	72	159	126	124	Santa Ana, CA	(714) 979-8220
Milwaukee Insurance Group	o	MILW	147	156	127	166	Milwaukee, WI	(414) 271-0525

a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter.

Sources: William O'Neill & Co.; Forbes

Company Directory

Company	Exch	Ticker	Where they rank				City, state	Telephone
			5-year average ROE	sales	profit	market value		
Morgan Keegan	n	MOR	181	107	110	132	Memphis, TN	(901) 524-4100
Morino Associates	o	MOAI	10	172	117	80	Vienna, VA	(703) 734-9494
Napco Security Systems	o	NSSC	36	181	156	160	Copiague, NY	(516) 842-9400
Network Systems	o	NSCO	187	84	31	36	Brooklyn Park, MN	(612) 424-4888
Neutrogena	o	NGNA	23	71	50	10	Los Angeles, CA	(213) 642-1150
New England Business Service	o	NEBS	51	43	27	25	Groton, MA	(617) 448-6111
New York Marine and Gen Ins	o	NYMG	120	123	55	91	New York, NY	(212) 953-0580
Nordson	o	NDSN	148	40	23	32	Westlake, OH	(216) 892-1580
Nuclear Support Services	o	NSSI	42	176	174	187	Hershey, PA	(717) 838-8125
Oakwood Homes	n	OH	188	103	119	143	Greensboro, NC	(919) 845-2100
Oil-Dri Corp of America	o	OILC	141	137	125	113	Chicago, IL	(312) 321-1515
Optical Radiation	o	ORCO	168	93	79	82	Azusa, CA	(818) 969-3344
Oshkosh B'Gosh Inc Cl A	o	GOSHA	29	30	18	21	Oshkosh, WI	(414) 231-8800
PAM Transportation Svcs	o	PTSI	12	145	154	157	Tontitown, AR	(501) 361-9111
Pancho's Mexican Buffet	o	PAMX	158	153	164	159	Fort Worth, TX	(817) 831-0081
Pansophic Systems	n	PNS	130	70	33	24	Oak Brook, IL	(312) 986-6000
Par Pharmaceutical	n	PRX	44	121	75	58	Spring Valley, NY	(914) 425-7100
Park Communications	o	PARC	169	63	42	19	Ithaca, NY	(607) 272-9020
Park Electrochemical	n	PKE	173	80	112	115	Lake Success, NY	(516) 354-4100
Psychex	o	PAYX	58	124	129	68	Rochester, NY	(716) 385-6666
PCS	o	PCSI	5	138	88	20	Scottsdale, AZ	(602) 391-4600
Pioneer Group	o	PIOG	28	136	63	103	Boston, MA	(617) 742-7825
Policy Mgmt Sys	o	PMSC	170	50	43	27	Columbia, SC	(803) 735-4000
T Rowe Price Assocs	o	TROW	18	72	34	59	Baltimore, MD	(301) 547-2000
Products Research & Chemical	n	PRC	182	98	103	78	Glendale, CA	(818) 240-2060
Pulaski Furniture	o	PLFC	162	88	137	139	Pulaski, VA	(703) 980-7330
QMS	n	AQM	110	85	96	72	Mobile, AL	(205) 633-4300
Quarex Inds	o	QRXI	174	56	200	199	Ridgewood, NY	(718) 821-0011
QuesTech	o	QTEC	93	144	187	192	McLean, VA	(703) 556-8666
Quick & Re ¹⁷ Group	n	BQR	57	99	32	83	New York, NY	(212) 943-8686
Raven Industries	a	RAV	172	135	171	183	Sioux Falls, SD	(605) 336-2750
Raymond Corp	o	RAYM	184	65	109	121	Greene, NY	(607) 656-2311
Raymond James Financial	n	RJF	178	62	76	122	St Petersburg, FL	(813) 344-8200
Regal-Beloit	a	RBC	152	109	115	102	S Beloit, IL	(815) 389-1920
Republic American	o	RAWC	90	16	15	31	Encino, CA	(818) 990-9860
Richardson Electronics	o	RELL	134	87	90	73	Franklin Park, IL	(312) 232-6400
RLI	n	RLI	128	92	59	131	Peoria, IL	(309) 692-1000
RPM	o	RPOW	159	7	41	41	Medina, OH	(216) 225-3192
Russ Berrie and Co	n	RUS	33	19	11	14	Oakland, NJ	(201) 891-7500
Ryan's Family Steak House	o	RYAN	137	67	51	12	Greenville, SC	(803) 879-1000
SafeCard Services	o	SFCD	53	81	13	33	Fort Lauderdale, FL	(305) 491-2111
Safety-Kleen	n	SK	69	1	9	2	Elgin, IL	(312) 697-8460

a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter.

Sources: William O'Neil & Co.; Forbes

Company Directory

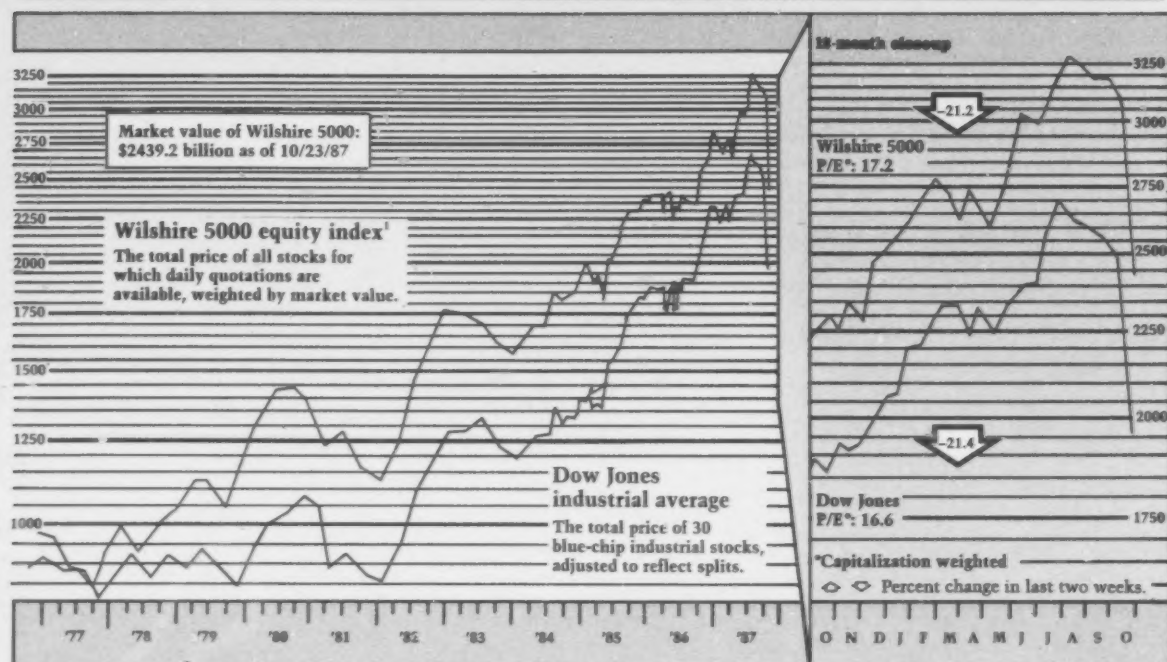
Company	Exch	Ticker	Where they rank				City, state	Telephone
			5-year average ROE	sales	profit	market value		
Sands Regent	o	SNDS	107	182	151	170	Reno, NV	(702) 348-2200
SAY Industries	o	SAYI	121	187	182	195	Leominster, MA	(617) 537-4001
Scan-Tron	o	SCNN	165	180	153	152	Tustin, CA	(714) 259-8887
Seaboard	a	SEB	123	3	19	93	Chestnut Hill, MA	(617) 332-8492
Sealed Air	n	SEE	156	31	36	35	Saddle Brook, NJ	(201) 791-7600
Seaman Furniture	o	SEAM	2	26	44	46	Uniondale, NY	(516) 222-7044
Sigma-Aldrich	o	SIAL	75	13	8	5	St Louis, MO	(314) 771-5765
Sikes Cl A	a	SKA	185	76	97	110	Lakeland, FL	(813) 687-7171
Simmons Airlines	o	SIMM	167	106	132	169	Chicago, IL	(312) 280-8222
Sippican	o	SOSI	138	142	149	149	Marion, MA	(617) 748-1160
Sizzler Restaurants Intl	o	SIZZ	131	18	47	42	Los Angeles, CA	(213) 827-2300
Spec's Music	o	SPEK	85	184	195	186	Miami, FL	(305) 592-7288
Stanline	o	STAN	49	131	186	193	Norwalk, CA	(213) 921-0966
Stockholder Sys Cl A	o	SSIAA	87	194	176	182	Atlanta, GA	(404) 441-3387
Strober Organization	o	STRB	11	97	131	138	Brooklyn, NY	(718) 875-9700
Stryker	o	STRY	101	68	64	29	Kalamazoo, MI	(616) 381-3811
Swift Energy	a	SFY	143	198	172	154	Houston, TX	(713) 874-2700
Syms	n	SYM	63	23	39	67	Lyndhurst, NJ	(201) 902-9600
Systematics	o	SYST	127	58	65	40	Little Rock, AR	(501) 223-5100
S&K Famous Brands	o	SKFB	157	161	192	188	Richmond, VA	(804) 346-2500
Technalysis	o	TECN	45	195	197	194	Minneapolis, MN	(612) 925-5900
Technitrol	a	TNL	98	164	145	151	Wyndmoor, PA	(215) 523-3950
Tech-Sym	n	TSY	180	91	86	112	Houston, TX	(713) 785-7790
Telecredit	o	TCRD	200	69	69	23	Los Angeles, CA	(213) 277-4061
Teleflex	a	TFX	126	20	29	37	Limerick, PA	(215) 948-5100
Telerate	n	TLR	61	11	3	6	New York, NY	(212) 938-5200
Telxon	o	TLXN	124	86	56	52	Akron, OH	(216) 867-3700
Tennant	o	TANT	166	54	78	90	Minneapolis, MN	(612) 540-1200
Thermo Instrument Sys	o	THIS	133	111	122	108	Waltham, MA	(617) 622-1000
Thor Industries	n	THO	24	52	107	114	Jackson Center, OH	(513) 596-6849
Timeplex	n	TIX	189	59	26	45	Woodcliff Lake, NJ	(201) 391-1111
Tootsie Roll Industries	n	TR	91	83	57	53	Chicago, IL	(312) 838-3400
Traditional Inds	o	TRAD	20	168	159	185	Westlake Village, CA	(818) 991-2773
Trans World Music	o	TWMC	13	57	99	69	Albany, NY	(518) 452-1242
Trus Joist	o	TJCO	163	28	70	95	Boise, ID	(208) 375-4450
UniFirst	n	UNF	144	61	81	100	Woburn, MA	(617) 933-5800
Uniforce Temporary Personnel	o	UNFR	64	126	184	156	New Hyde Park, NY	(516) 437-3300
Value Line	o	VALU	1	117	35	50	New York, NY	(212) 687-3965
Vanguard Technol Intl	a	VTI	7	151	170	167	Fairfax, VA	(703) 273-0500
Versa Technologies	o	VRSÄ	52	160	141	125	Racine, WI	(414) 632-6622
Vishay Intertechnology	n	VSH	145	140	73	87	Malvern, PA	(215) 644-1300
Welbilt	o	WELB	79	32	62	96	New Hyde Park, NY	(516) 365-5040

a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter.

Sources: William O'Neil & Co.; Forbes

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



If it was a fight, they would have stopped it. But securities markets need to stay open—witness the day of reckoning that Hong Kong only postponed by closing its trading for four days. When the final bell rang on Friday, Oct. 23, the market (as measured by the Wilshire index) was almost back to where it was at the start of the year and was down 26.5% from its Aug. 25 high.

The index has tumbled to 17.2 times latest 12-month earnings. Does that make stocks bargains now? Some

cash-heavy mutual fund managers are still holding off. But Thomas Hodgman, president of Chemical Bank's Portfolio Group, anticipates opportunities in such defensive groups as financial services, Bell operating companies and small firms with good cash flow. "Look for cash-generating capabilities that could be used either to buy back stock or to help the firm weather any storm," he advises. Hodgman warns, however, that investors should wait until things settle.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500 ²	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	-23.0	-23.1	-24.1	-22.3	-25.5	-25.7
in last 52 weeks	0.1	2.3	6.5	1.4	0.7	-7.9

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility ³		P/E multiple		Dividend yield		Growth profile ⁴		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over \$40	under \$4
in last 4 weeks	-23.0	-22.9	-27.0	-12.3	-28.0	-20.3	-12.3	-24.7	-27.2	-16.9	-22.2	-23.1
in last 52 weeks	-0.5	14.9	23.7	7.2	-5.3	-6.1	-3.6	25.3	20.9	-1.0	-1.0	10.3

¹Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. ²Based on sales. ³A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable. ⁴A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

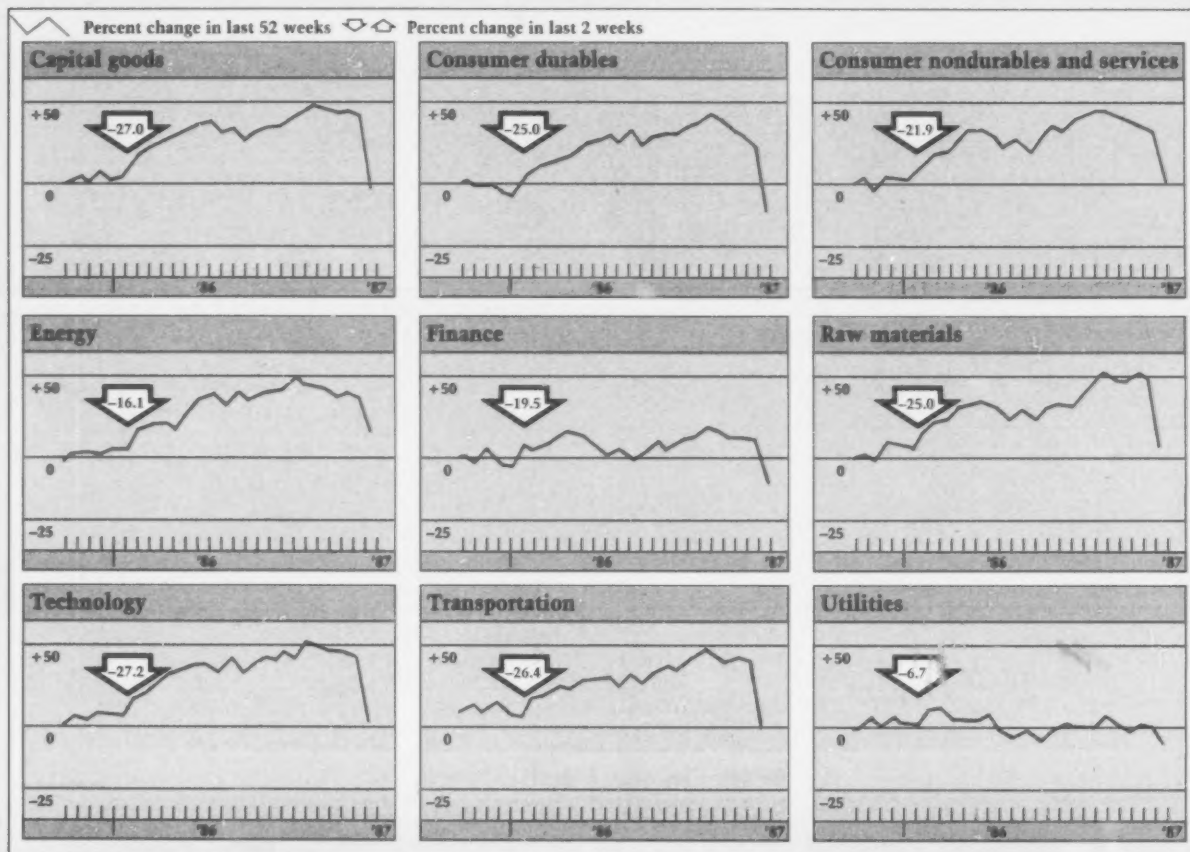
Note: All data for periods ending 10/23/87. Prepared by Wilshire Associates, Santa Monica, Calif.

Gar French

Where the Action Is

Nowhere to hide. Cyclical stocks took the brunt of the heavy selloff, but no group, including gold stocks, was unscathed. Hardest hit were technology, capital goods, consumer durables, raw materials and transportation. These groups lost at least a quarter of their market value in two weeks. IBM alone posted more than a \$15 billion decline in market value. The combined capitalization of

General Motors, Ford and Chrysler fell more than \$13 billion. Energy and utilities were the only two groups to lose less than 20%. Just two weeks ago all nine Wilshire sectors were posting trailing 52-week gains, ranging from 50% (capital goods) to 5% (utilities). Now only two sectors (raw materials and energy) are up more than 10% for the year, while four groups show declines.



What the Analysts Think

A floor or ceiling? With the sharp decline in stock prices, the Forbes Sales 500 are now priced at 16.3 times latest 12-month earnings and 9.9 times estimated 1988 earnings.

Two weeks ago the respective multiples were 20.4 and 12.4. Many estimates, however, don't reflect the market's recent woes. Prediction: Estimates are headed lower.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	\$2.28	16.3
1987 estimates	2.89	12.9
1988 estimates	3.75	9.9

Rank based on change in estimate	Sector	Estimated 1987 EPS	P/E	% change in 1987 estimate in 2 weeks	% change in 1987 estimate in 4 weeks
1	Raw materials	\$2.33	12.8	1.27%	1.17%
2	Capital goods	2.06	16.1	0.65	0.74
3	Consumer durables	4.47	9.9	0.39	0.25
4	Utilities	2.37	10.1	-0.10	-0.23
5	Technology	2.50	13.3	-0.14	-0.60
6	Consumer nondurables	2.32	13.6	-0.34	-0.44
7	Energy	2.46	15.2	-0.40	-0.44
8	Transportation	2.18	13.5	-1.41	-5.64
9	Finance	1.53	16.5	-2.16	-3.00

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 10/23/87. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.